

Wilson

The year in review

THE ADMINISTRATION OF SOCIAL SECURITY PROGRAMS 1972



SSA DOCS
HD
7123
U564
1972

SOCIAL SECURITY ADMINISTRATION
Fiscal Year 1972
OA/AP-13



HD7123
U564
1972

The year in review

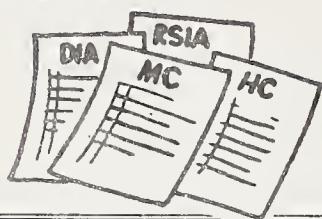
THE ADMINISTRATION OF SOCIAL SECURITY PROGRAMS 1972

SOCIAL SECURITY ADMINISTRATION
Fiscal Year 1972
OA:AP-13

SSA Facts—Fiscal Year 1972

Operations

Initial Claims Filed



	Millions
Retirement and Survivors Insurance Applications	3.7
Disability Insurance Applications	1.4
Hospital Claims	19.2
Medical Claims	54.5

Beneficiaries

As of 6/30/72

RSI Program	Millions
Workers	15.1
Dependents & Survivors	11.1
Total	26.2

Benefits Paid

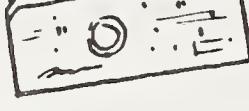
Millions
\$34,541



DI Program	Millions
Workers	1.74
Dependents	1.40
Total	3.14

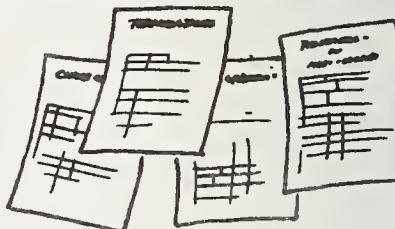
4,046

Millions
\$36,404
7,391
2,859
480



HI Program as of 1/1/72	Millions
Hospital (HI)	21.0 ¹
Medical (SMI)	20.2 ¹

¹ Estimates



Records Maintenance

	Millions
Social Security Cards Issued (New & Duplicate)	12.9
Earnings Items Posted	343.0
Earnings Records Requested	
RSI Claims Received	3.6
DI Claims Received	1.1
Medicare Bills Posted to Utilization Tape	
Hospital	8.6
Medical	51.9



Hearings

Disability Insurance	56,345
Retirement and Survivors Insurance	5,648
Health Insurance	6,180
Total	68,173



Administration

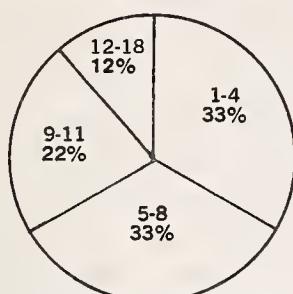


Permanent Staff on Duty

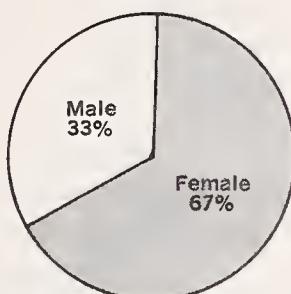
As of 6/30/72

Bureau of District Office Operations ..	20,930	Bureau of Hearings & Appeals	1,491
Bureau of Retirement & Survivors Ins.	12,832	Bureau of Health Insurance	1,641
Bureau of Data Processing	8,879	All Others	2,209
Bureau of Disability Insurance	4,503	Total	52,485

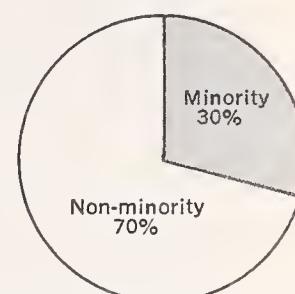
By Grade



By Sex



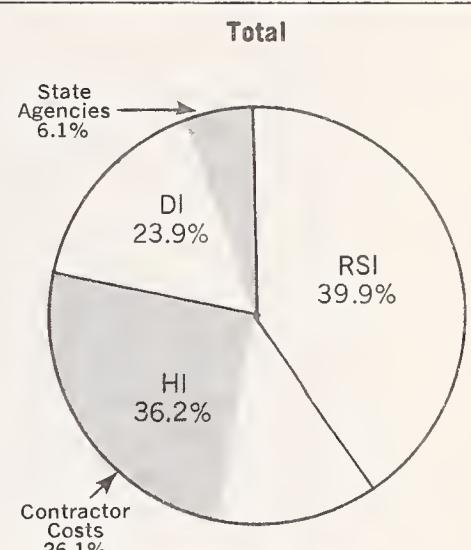
By Race



Finances

Administrative Costs

	Millions
Retirement and Survivors Insurance	\$ 457.2
Disability Insurance	273.4
Health Insurance	414.6
Total	1,145.2¹



Selected Cost Categories

	Millions
SSA Personnel	\$ 585.0
Payments to Intermediaries	284.7
Payments to States	85.6
Rent, Equipment, Supplies, etc.	175.1
EDP Rental and Purchase	14.0



Unit Costs

	Millions
RSI Claims	\$ 46.45
DI Claims—SSA only	127.27
State Agency only	62.76
Hospital Claims—SSA only	3.98
Intermediaries only	4.55
Medical Claims—SSA only	0.47
Carriers only	3.20

¹ BL costs of \$21.7 million not included.

Material Buildings

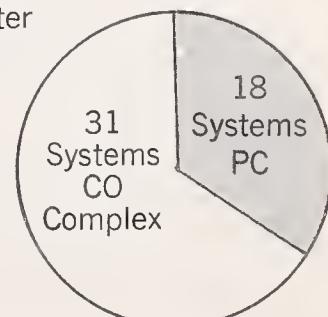
	No.	Sq. Ft. (Millions)
Central Office	15	2.5
Payment Centers	21	2.3
District Offices and Branch Offices ..	926	4.4
Hearings Offices	81	.5

Selected Systems Equipment

Electronic Data Processing Machines	2,191
Electronic Accounting Machines	1,686
Reels of Tape	200,000

EDP Equipment

Total Computer Systems



Foreword

This report, "The Administration of Social Security Programs—1972: The Year in Review," is an internal document designed to serve two purposes: to meet SSA managers' "need to know" by providing a convenient source of program, operating, and budget information; and to document the significant administrative and program events of fiscal year 1972 for future historical reference. As a current history of SSA, it attempts to assess SSA's organizational health as reflected in the quality and quantity of work processed and in the description of specific achievements.

The report is divided into two parts. The first part focuses on the programs and their administration, describing events and accomplishments on a broad SSA-wide basis. The second focuses on the organization rather than the programs per se, and describes significant events and accomplishments on a component-by-component basis.

This report generally follows the format and style of the 1971 report. A chronology of significant events has been added to make the report a more useful reference document. Each section has been devised to stand by itself; thus, some of the charts appear in more than one section. The report was prepared with the assistance of all SSA components; each has reviewed the parts of the report for which it contributed material or data. *All time period references are to fiscal rather than calendar year unless otherwise noted.*

The report covers only events and occurrences that happened during fiscal year 1972. Thus the report does not discuss the provisions of H.R. 1, the "Social Security Amendments of 1972," even though these amendments will substantially affect the work of practically every SSA component. Rather than footnote various sections of the report or attempt to predict their impact on the future, we would simply note at the beginning of this report some major provisions of the amendments:

1. A new Federally-funded and administered supplemental security income program for the aged, blind, and disabled.
2. Medicare benefits for social security disability beneficiaries.
3. Increased benefits for widows and widowers.
4. A further liberalization of the retirement test allowing a beneficiary to earn up to \$2,100 a year before his benefits are affected.
5. An age 62 computation provision for men, so that benefits for men and women will be computed on the same basis.
6. A special minimum PIA for long-term workers with low earnings.
7. A number of modifications in the coverage of services by and the administration of the Medicare program.

Louis Zawatsky
Acting Assistant Commissioner
for Administration

Some common abbreviations used in this report

ABDA	Aged, Blind, and Disabled Assistance
ADP	Automatic Data Processing
AFGE	American Federation of Government Employees
AID	Agency for International Development
APTD	Aid to the Permanently and Totally Disabled
ARS	Advanced Record System
ASP	Attached Support Processor
BDI	Bureau of Disability Insurance
BDOO	Bureau of District Office Operations
BDP	Bureau of Data Processing
BENDEX	Beneficiary Data Exchange
BHA	Bureau of Hearings and Appeals
BHI	Bureau of Health Insurance
BL	Black Lung
BO	Branch Office
BRSI	Bureau of Retirement and Survivors Insurance
CA	Claims Authorizer
CAST	Carrier Alphabetic State Microfilm
CE	Consultative Examinations
CO	Central Office
CSC	Civil Service Commission
DDR	Direct Dealing Reimbursement
DHEW	Department of Health, Education, and Welfare
DI	Disability Insurance
DIB	Disability Insurance Benefits
DM	District Manager
DO	District Office
DRT	Data Review Technician
ECF	Extended Care Facility
EDP	Electronic Data Processing
GS	General Schedule
GSA	General Services Administration
HE	Hearing Examiner
HHA	Home Health Agency
HI	Health Insurance
HIBAC	Health Insurance Benefits Advisory Council
HIRO	Health Insurance Regional Office
HMO	Health Maintenance Organization
HR 1	Major Social Security and Welfare Reform Bill Passed by the House of Representatives
LSDP	Lump-Sum Death Payment
MAM	Manual Awards Module
MAS	Metropolitan Answering Service
MBR	Master Beneficiary Record
MIP	Monthly Information Package
OA	Office of Administration
OACF	Office of Assistant Commissioner, Field
OACT	Office of the Actuary
OCR	Optical Character Recognition

OPA	Office of Public Affairs
OPEP	Office of Program Evaluation and Planning
ORS	Office of Research and Statistics
OT	Overtime
Part A	Hospital Insurance Program of Medicare
Part B	Supplementary Medical Insurance Program of Medicare
PC	Payment Center
PE	Post-Entitlement
PESO	Post-Entitlement Scheduling Operation
PHS	Public Health Service
PSR	Provider Statistical and Reimbursement
PSRO	Professional Standards Review Organization
RC	Regional Commissioner
RD	Regional Director
RO	Regional Office
RPO	Regional Personnel Office
RSI	Retirement and Survivors Insurance
SA	State Agency
SCIP	Selected Claims in Process
SD	Simultaneous Development
SMI	Supplementary Medical Insurance Program of Medicare
SRS	Social Rehabilitation Service
SS-4	Application for Employer Identification Number
SS-5	Application for a Social Security Number
SSN	Social Security Number
VR	Vocational Rehabilitation

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Part 1

Program Administration

SSA General Administration

↑ Up
↓ Down } **Fiscal Year 1972**
1972 compared to 1971 unless otherwise noted

Workloads

Comparison of Workloads Received and Processed as a Percent of Workload Estimates

Received	Processed
99.7%	99.9%

Staffing/Manpower

Permanent Staff on Duty as of 6/30/72

BDOO	20,930	↓	13
BRSI	12,832	↓	185
BDP	8,879	↓	43
BDI	4,503	↑	213
BHI	1,641	↑	78
BHA	1,491	↑	139
All Others	2,209	↑	71
Total	52,485	↑	260
 Manpower for Year	56,488	↑	1.9%
 Productivity Growth			3.3%

Comparison of Work Output Versus Manpower

Base year 1963 = 100

Manpower Index	162	↑	1.9%
Work Output Index	256	↑	5.3%

Cost Reduction Program

Man-years	Cost Savings	Money
854		\$13.7 million

Minority Employment ¹

(with absolute changes)

As Percent of Total GS Staff

28.5 ↑ 1.1%

As Percent of GS-10 and Above

Total SSA	Hdqs.	All Regions
9.9 ↑ 1.1%	10.4 ↑ .9%	9.5 ↑ 1.2%

¹ Negroes constitute 90% of all minority employees, Spanish-Americans 7%.

Women

As Percent of Total GS Staff

Total	67.1		
GS 1-4	87.2	↓	.3%
GS 5-8	82.6	↑	.9%
GS 9-11	44.2	↑	1.2%
GS 12-18	14.8	↑	.9%

Systems

EDP Systems Installed SSA-wide

Machine				
Small Computer	0	↓	1	
Medium Computer	31	↓	2	
Large Computer	15	↑	1	
Special Systems	3			

Costs for ADP Systems (Thousands)

\$60,165 ↑ 1.1%

Administrative Costs

Costs of Major Functions (Millions)

Retirement & Survivors			
Insurance	\$ 457.2	↑	8.3%
Disability Insurance	273.4	↑	19.8%
Health Insurance	414.6	↑	6.1%
Total	1,145.2	↑	10.1%

Share of Total Costs by Major Administrative Bodies (percentage)

	Absolute Change
States	7.5 ↑ .7
Intermediaries	24.9 ↓ .4
SSA	67.6 ↓ .3

Unit Costs Per Claim¹

Program	Unit Cost
RSI	\$ 46.45
DI	
SSA only	127.27
State Agency only	62.76 ↑ 6.7%
HI Part A	
SSA only	3.98
Intermediary only	4.55 ↑ 2.2%
HI Part B	
SSA only	0.47
Carrier only	3.20 ↓ 2.4%

¹ Comparable 1971 data not available on all unit costs.

Program Administration

GENERAL ADMINISTRATION

1. WORKLOADS AND PROCESSING TIMES

Receipts of retirement, survivors, and disability insurance claims for 1972 were about the same as for 1971. DI receipts were essentially unchanged, and RSI receipts increased only a little over 1 percent. RSI pendings in DO's were reduced by 5.4 percent and in PC's were reduced 26.7 percent (or a combined pending decline of 19 percent). DI pendings in DO's, SA's, and BDI declined by 10.8 percent. BL receipts declined by almost 50 percent to 70,700 in 1972 compared with 137,000 in 1971. BL pendings were reduced only slightly.

Claims under Medicare increased 10 percent over 1971—to a total of almost 74 million claims. Part B claims, again this year, rose at a faster rate than Part A claims (11 percent and 7.3 percent, respectively). Hearings and appeals continued to be an area of major concern. SSA hired many new hearing examiners (HE's), and there was an increase in their productivity, but heavy workloads pushed processing time and pendings to new highs. Hearing receipts were up 98 percent over 1971 and clearances were up 35 percent. Pendings were up 204 percent. Hearing case processing time increased from a median of 116 days at the beginning of the year to 172 days at the end of the year.

a. Retirement and Survivors Insurance

RSI Claims Receipts in DO's (Thousands)

1970	1971	1972
3,567	3,679	3,711

RSI Pendings

(End-of-year in thousands)

	1970	1971	1972
DO	154	147	138
PC	177	243	178
Total	331	390	316

RSI Processing Time

(Claims, mean)

June 1970	48 days
June 1971	48 days
June 1972	46 days

b. Disability Insurance

Initial DI Applications in DO

(Workers only in thousands)

1970	1971	1972
778.8	925.2	924.3

Initial DI Pendings

(Workers only in thousands)

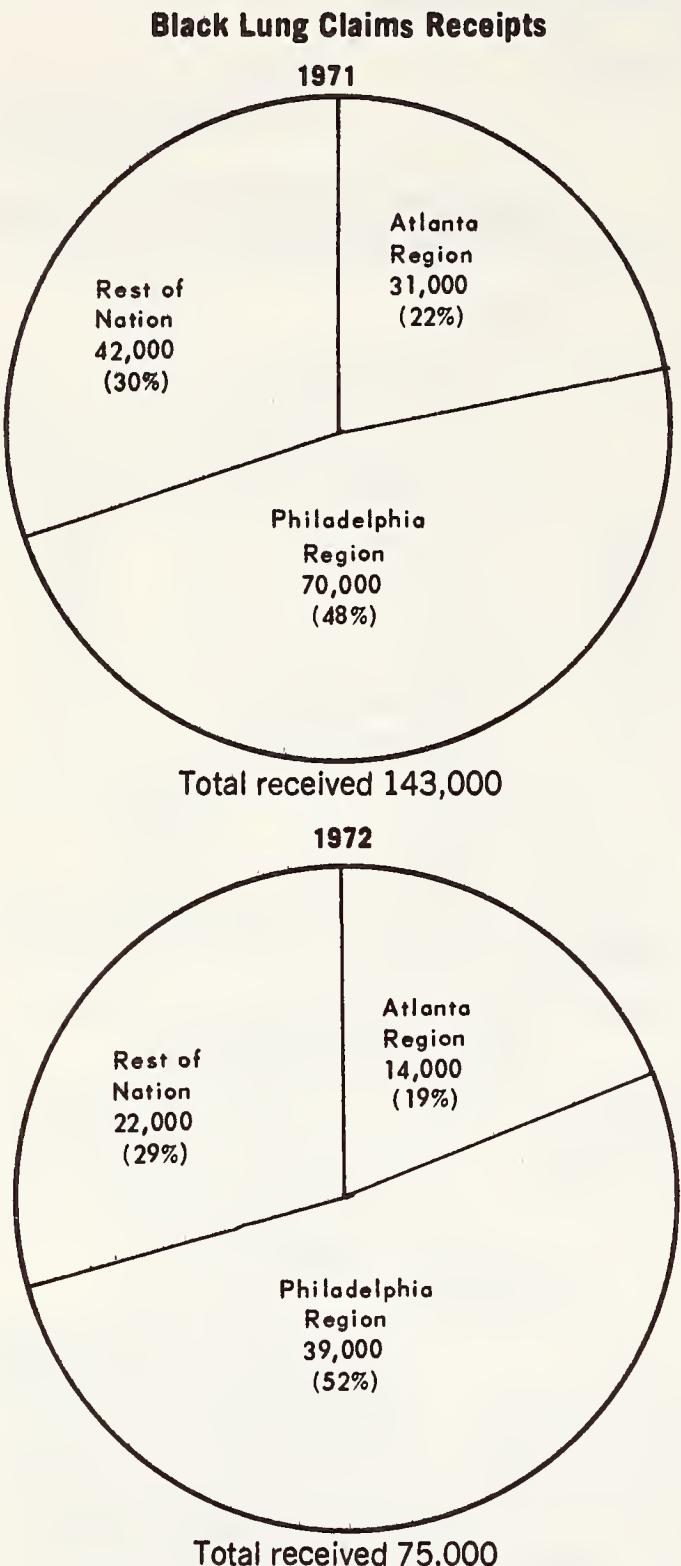
	DO	SA	BDI	Total
June 30, 1970	77.2	55.9	26.9	160.0
June 30, 1971	68.0	87.8	6.3	162.1
June 30, 1972	37.3	98.7	8.6	144.6

Processing Time — Initial Awards

(Mean days)

	June 1971	June 1972
DO	39	17
SA	34	43
BDI	30	24
Transit	5	8
Total	108	78

c. Black Lung

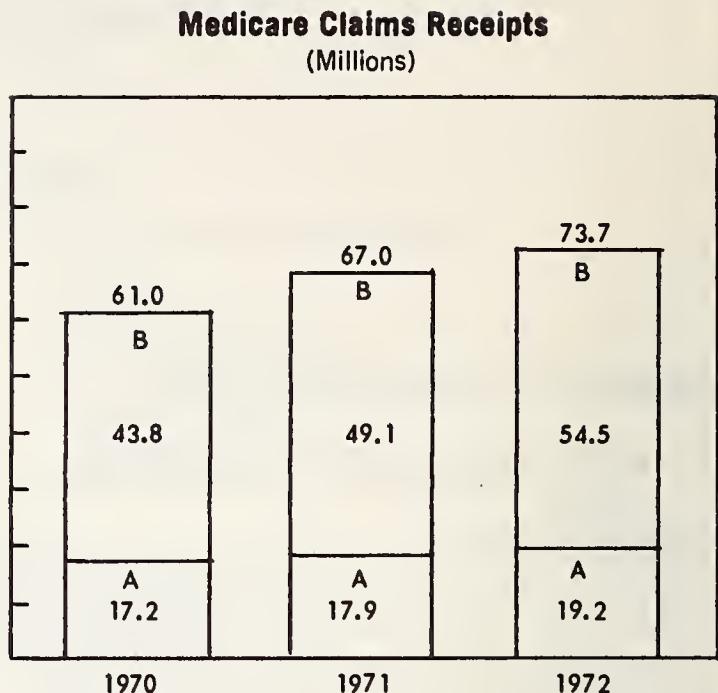


The five States with the largest number of BL claims receipts (December 1969 to May 26, 1972)¹

1. Pennsylvania 116,825
2. West Virginia 68,949
3. Kentucky 40,556
4. Illinois 24,238
5. Alabama 22,382

¹ Prior to the passage of H.R. 9212—Black Lung Benefits Act of 1972 on May 26, 1972.

d. Health Insurance



Pending Workloads
(End-of-year in thousands)

	Part A	Part B
1970	482	2,419
1971	500	2,300
1972	430	2,200

Contractor Processing Time
(Mean)

Bill Processing	1971	1972
Part A	11.9 days	11.6 days
Part B	25.6 days	20.9 days

e. Hearing Requests

HEARING REQUESTS

	Receipts	Cleared	End-of-Year Pending
1971	52,427	45,301	20,873
1972	103,691	61,030	63,534

Processing Time
(Median days)

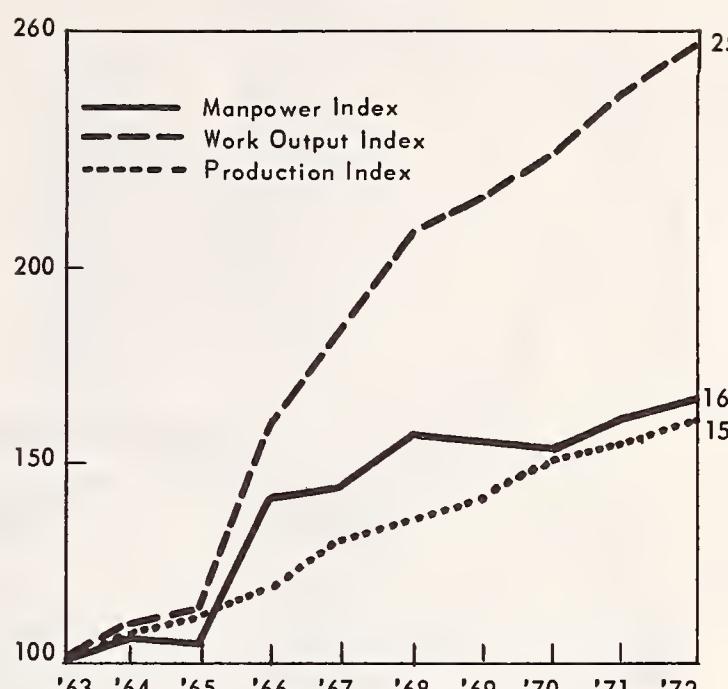
1971	1972
116 days	172 days
1971	1972

2. MANPOWER, OVERTIME, AND PRODUCTIVITY¹

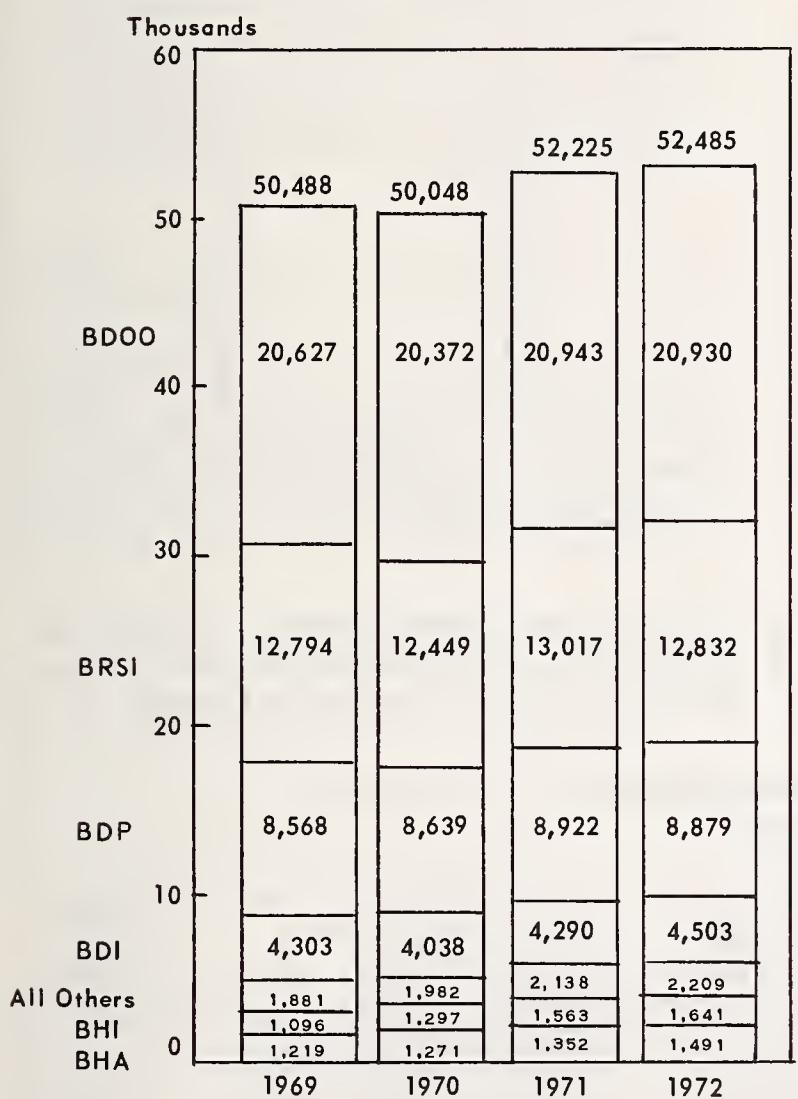
Although the President directed a reduction in staff during 1972, SSA was permitted to redeploy certain staffing in preparation for possible new program responsibilities, especially adult assistance programs under H.R. 1. SSA personnel were redeployed to activities considered critical to successful implementation of new legislation. Permanent staff on duty at the end of the year were up 260. However, use of overtime was down sharply. Nevertheless, productivity increased by 3.3 percent.

Comparison of Work Output vs. Manpower, 1963-1970

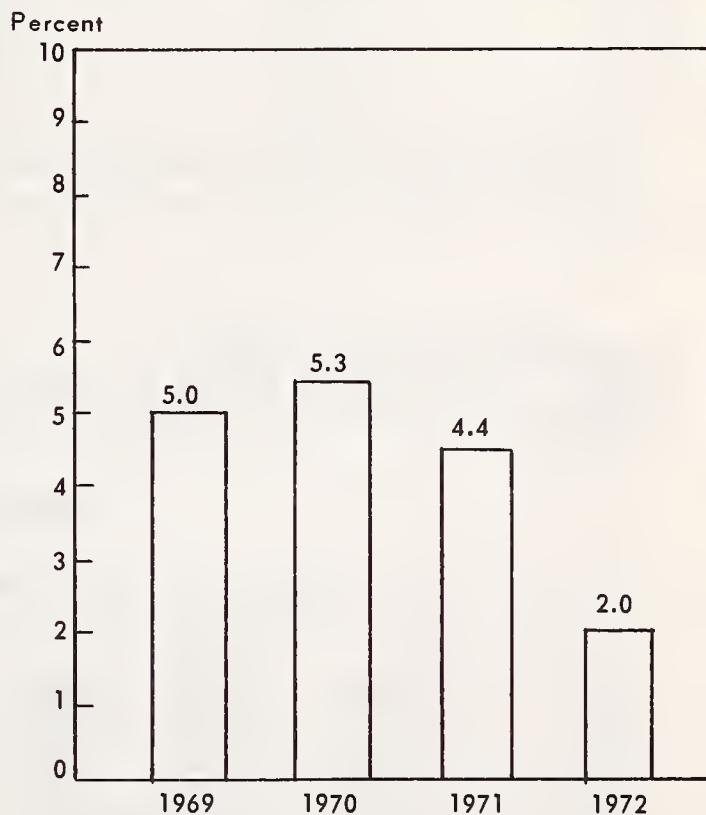
Base Year 1963 = 100



Permanent Staff on Duty
(As of June 30)



Overtime as a Percent of Total Manpower



¹ The manpower and financial data in this section are based on SSA's salary and expenses appropriation, which does not include reimbursable, construction, and BL data. Costs of administering the BL program during 1972 came to approximately 1,228 man-years and \$21.7 million.

Total Manpower (in Man-years) Including Overtime (OT)

	1971			1972		
	Regular	OT	Total	Regular	OT	Total
Total SSA	52,968	2,470	55,438	55,354	1,134	56,488
BDOO	21,203	448	21,651	21,917	74	21,991
BRSI	13,679	864	14,543	13,769	409	14,178
BDP	8,703	564	9,267	9,154	309	9,463
BDI	4,185	407	4,592	4,747	181	4,928
All Others	2,348	83	2,431	2,560	70	2,630
BHI	1,525	67	1,592	1,646	44	1,690
BHA	1,325	37	1,362	1,561	47	1,608

Comparison of Manpower With Work Output ¹

Fiscal Year	Personnel (Man-years)	Personnel Index	Work Output Index	Productivity Index ²
1963 ³	34,959	100	100	100
1964	35,448	102	105	103
1965	35,345	101	110	109
1966	48,473	139	159	114
1967	49,650	142	184	129
1968	54,770	157	208	132
1969	54,405	156	217	139
1970	53,648	153	229	150
1971	55,438	159	243	153
1972	56,488	162	256	158

¹ Excludes workload and manpower of State agencies and intermediaries; also excludes BL and reimbursable work.

² Productivity index = $\frac{\text{Work Output Index}}{\text{Personnel Index}} \times 100$

³ 1963 used as base year.

3. ADMINISTRATIVE COSTS

Costs for administering the RSI, DI, HI programs increased by 9.9 percent in 1972 over 1971, the

lowest percentage rise in the last four years. In 1972, State agency costs rose .06 percent while SSA and intermediary costs dropped slightly.

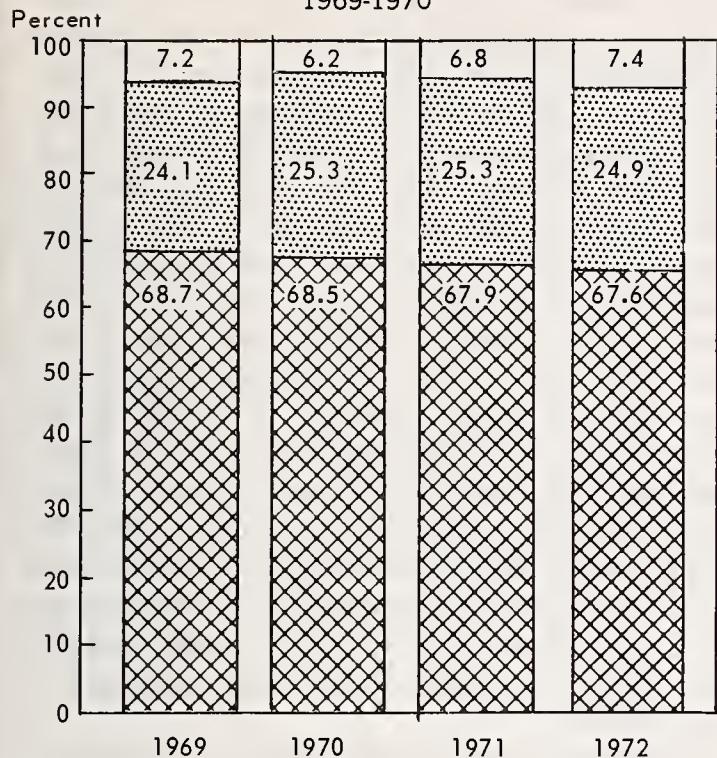
Costs of Major Functions

(Millions)

FY	Total		RSI		DI		HI	
	Amount	% of Year Total	Amount	% of Year Total	Amount	% of Year Total	Amount	% of Year Total
1969	805.8	100	349.9	43.4	167.9	20.8	288.0	35.8
1970	924.3	100	391.3	42.4	187.0	20.2	346.0	37.4
1971	1,040.9	100	422.0	40.6	228.2	21.9	390.7	37.5
1972	1,145.2	100	457.2	39.9	273.4	23.9	414.6	36.2

Share of Total Costs by Major Administrative Bodies

1969-1970

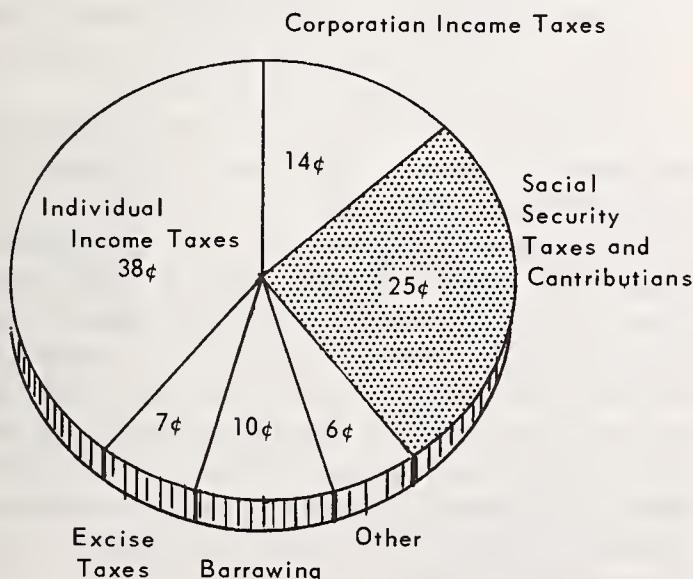


¹ States' costs include those attributable to both the HI and DI programs.

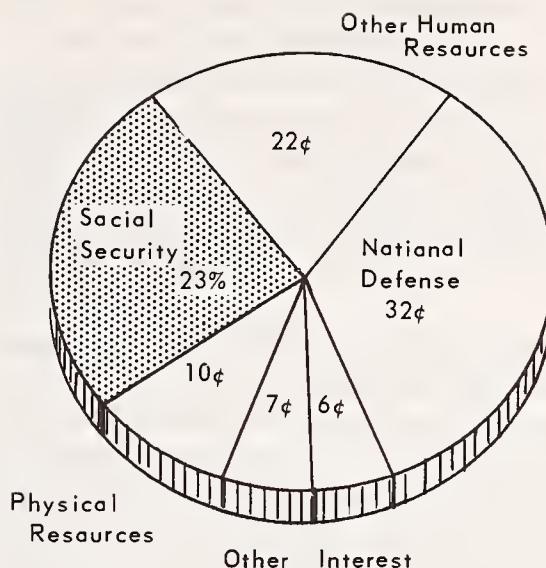
The continued significance of the social security trust funds in the Federal budget was reflected in the 1973 budget. Both the income and outgo rose by two cents of the total Federal budget dollar. The trust funds are expected to spend almost \$51.9 billion in 1973.

The Budget Dollar Fiscal Year 1973 Estimate

Where it comes from . . .



Where it goes . . .



4. SERVICE TO THE PUBLIC

Newly developed changes in operations, as well as improvements in existing methods of operating, continued to provide faster and more efficient service to meet the growing demands of the public. Representative of the variety of actions to improve service were:

- Guidelines were developed to provide information and referral services in all DO's and BO's as requested by the President in his remarks to the White House Conference on Aging in December 1971. This greatly extends SSA's traditional service concept by identifying non-SSA services and by explaining Federal programs that may aid SSA's clientele.
- Five resident stations were established to provide full-time service to the 130,000 residents of the Navajo Nation in the southwestern United States. These offices are staffed by Navajos.
- The central issuance of SSN's by BDP began in March 1972. Eventually, all SSN's will be issued from Baltimore, with DO's becoming decreasingly involved. (The operation suffered a temporary setback in June when Hurricane Agnes put the Wilkes-Barre operation out of action for a short while.) BDP is retaining identifying information from SSN application forms on magnetic tape, thus establishing a data base for the long-term objective of optimum electronic screening and validation of numbers.
- The RC's were called upon to invoke the disaster procedures in seven instances, ranging from an aqueduct explosion in Port Huron,

Michigan, resulting in the death of 21 persons, to the flash flood in Rapid City, South Dakota, where over 200 people were confirmed dead.

- Four additional MAS units were opened; thus at year's end a total of nine units were providing toll-free telephone contact for about 30 million people who were actually making over 90,000 calls a week. Workload pressures on 106 DO's and BO's were relieved greatly by the MAS units.
- As an outgrowth of the limited review process for handling RSI claims in DO's and PC's, a refinement of the system for selecting cases for final DO authorization called Conspicuous Case Characteristics was developed. Under this process a list of readily identifiable characteristics of error-prone cases are sent to PC's for final adjudication—all others are finally authorized by the DO's. Thus, more cases are finally adjudicated in DO's, resulting in faster payment of benefits, better utilization of manpower, and better concentration on the quality of error-prone cases.

With the lifting of the construction freeze, 17 new buildings were completed and occupied under the DO Construction Program. Construction contracts were awarded for 17 others to be completed in 1973. Also BO's increased by 50 in 1972; coupled with this was the conversion of four smaller DO's into BO's, for a total of 289 BO's as of June 30, 1972.

5. SYSTEMS

All SSA components continued their initiative to increase the efficiency and effectiveness of their computer operations. The computer program conversion activities of adapting IBM 7080 programs to the larger capacity 360/65 computers were almost completed, with 544 of the 569 "old" 7080 programs converted for use on the 360's. Building onto the individual capabilities of the 360's, a "linking" of four 360's into a single complex was completed during the year. As a consequence, families of jobs exceeding the capacity of one computer can be handled by other computers in the complex. On top of this, the first 370/165 computer was installed during the year, introducing a computer of greater capacity than the 360 series. In addition, new magnetic IBM tape devices for computers were obtained that will do the same efficient job as the old, but with cost savings of \$1.5 million over the four-year life of the devices.

Significant advances were made in the development of SSA administrative and case-control systems. These systems will provide the base for the creation of an integrated SSA-wide management information system to replace or augment the bureau-level systems. BDOO detailed a plan to improve the processes of analyzing DO operations in terms of multiple workloads and organizational classifications. With BHA leading, an intercomponent work group undertook a systems effort to cover BHA-wide needs for the next two to three years. At the same time, BDP's Time Sharing System completed its first full year of operation, encountering dramatic increases in demands for service over those anticipated; meeting, in effect, workloads originally anticipated for the fourth and fifth years of operation. An additional UNIVAC 1108 was acquired to meet those workloads and to implement improved remote time-sharing facilities—reducing the need to rely in the future on commercial computer facilities by various SSA components.

A Master Plan of Social Security Enumeration Activities was developed during the year for planning and coordinating enumeration activities. The plan was necessary in view of the likelihood of enactment of adult assistance legislation and the general increased use of the SSN as an identifier for purposes unrelated to social security programs. The Master Plan included the following:

- Applications for SSN's were mailed to three million SSA secondary beneficiaries age 64 and older.
- A pilot study for enumeration of secondary beneficiaries under age 64 was conducted.
- A pilot study for enumeration of the welfare rolls was started.
- Planning activities for mass enumeration of the welfare rolls and for conducting an enumeration of school children was initiated.

The SSA Systems Priority Objectives, originally designed to assist in legislative implementation, evolved into a permanent procedure for controlling systems developments in SSA. The system establishes short-range SSA systems goals, provides a means to monitor systems developments, and gives SSA components direction in assigning resources. For example, progress was monitored on such major systems under development as the Claims Automated Processing System (CAPS), the Manual Adjustment, Credit and Award Processing System (MADCAP), and the Consolidated Post-Entitlement Systems.

SSA-Wide Data Processing Systems

(As of June 30)

Machine	1968	1969	1970	1971	1972
Small Computers	2	1	1	1	0
Medium Computers	39	40	37	33	31
Large Computers	5	6	12	14	15
Special Purpose EDP	2	3	3	3	3
Total EDP Systems	48	50	53	51	49

6. PERSONNEL

a. General

This was another year of tight control on staffing. From the end of June 1971 to the end of June 1972, permanent staff on duty rose from 52,225 to 52,485—a net gain of only 260. Of the 6,400 people hired during the year, virtually all were replacements.

The percentage of employees moving from one

Costs for ADP Systems

(Thousands)

Function	1970	1971	1972
Salaries	\$38,009	\$37,937	\$41,679
Equipment Rentals	10,680	13,543	13,947
Purchases	6,949	5,055	730
Supplies and Other Costs	1,611	1,284	1,827
Contractual Services	913	1,365	1,334
Site Preparation	553	114	566
Machine Time from other Government Agencies	253	235	82
Total	\$58,968	\$59,533	\$60,165

component to another, out of the total number of movements, continued to rise in 1972, although the total number of employees promoted and laterally-transferred decreased 11.3 percent. The percentage of intercomponent movement, compared to the total job changes, was 4 percent in 1970, 5.8 percent in 1971, and 6.1 percent in 1972.

SSA-Wide Movement of Employees By Promotion and Lateral Transfer

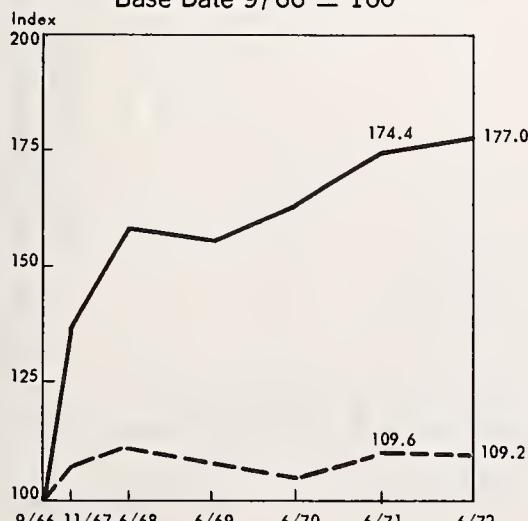
	1970	1971	1972
Total SSA-wide movements	24,385	27,915	26,768
Movements among components ¹	974	1,624	1,510
From headquarters to regions	147	216	223
From regions to headquarters	148	345	320
From one region to another	200	249	232
From one headquarters component to another	479	814	735

¹ Components are headquarters, bureaus and offices and the bureaus' regional staffs.

b. Minority Employment

Comparison of Increased Employment of Minority and Non-minority Employees

Base Date 9/66 = 100



Minority employee representation in SSA rose slightly in 1972—from 29.2 percent in June 1971 to 29.6 percent in June 1972. These figures were higher than those for minority employees in the total Federal service (15.2 percent) and for those in the national population (approximately 17 percent). Nevertheless, there were some significant disparities in representation of minority

employees within SSA. For example, using an index of 100 percent to show equality of employment, it was apparent that Spanish-surnamed were under-represented at all grade levels while, in general, all minority groups were under-represented in the upper grades.

Status of Minority Employment as Percent of Expected Representation¹ (As of June 30, 1972)				
	GS-1-4	GS-5-8	GS-9-11	GS-12-15
Black	216	173	85	55
Spanish-surnamed	65	72	38	17
American Indian	113	130	35	40
Asian American	100	118	147	74

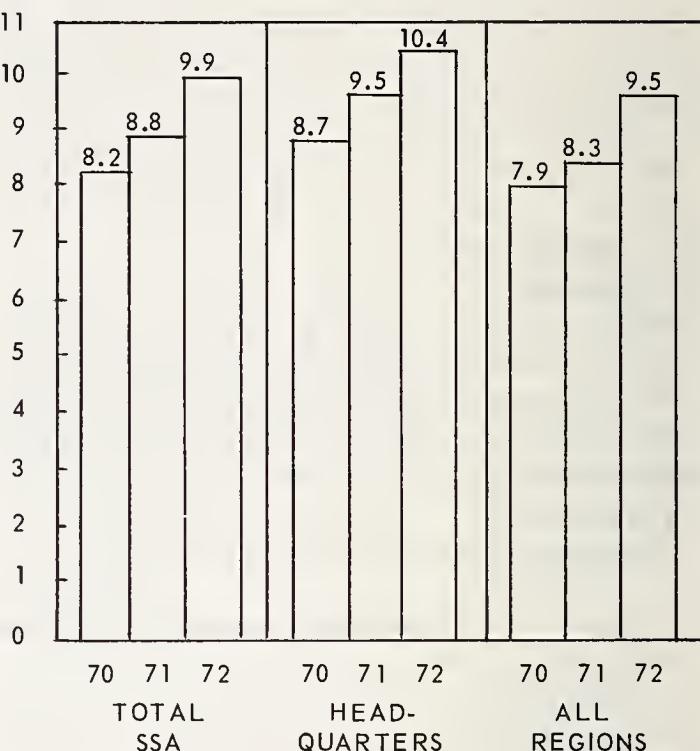
¹ Expected representation based on percent of minority representation in U.S. group population (from 1970 census).

Some movement of minorities in two important areas was discernable. There has been an in-

crease in the number of minorities in GS-10 and above positions and in supervisory positions.

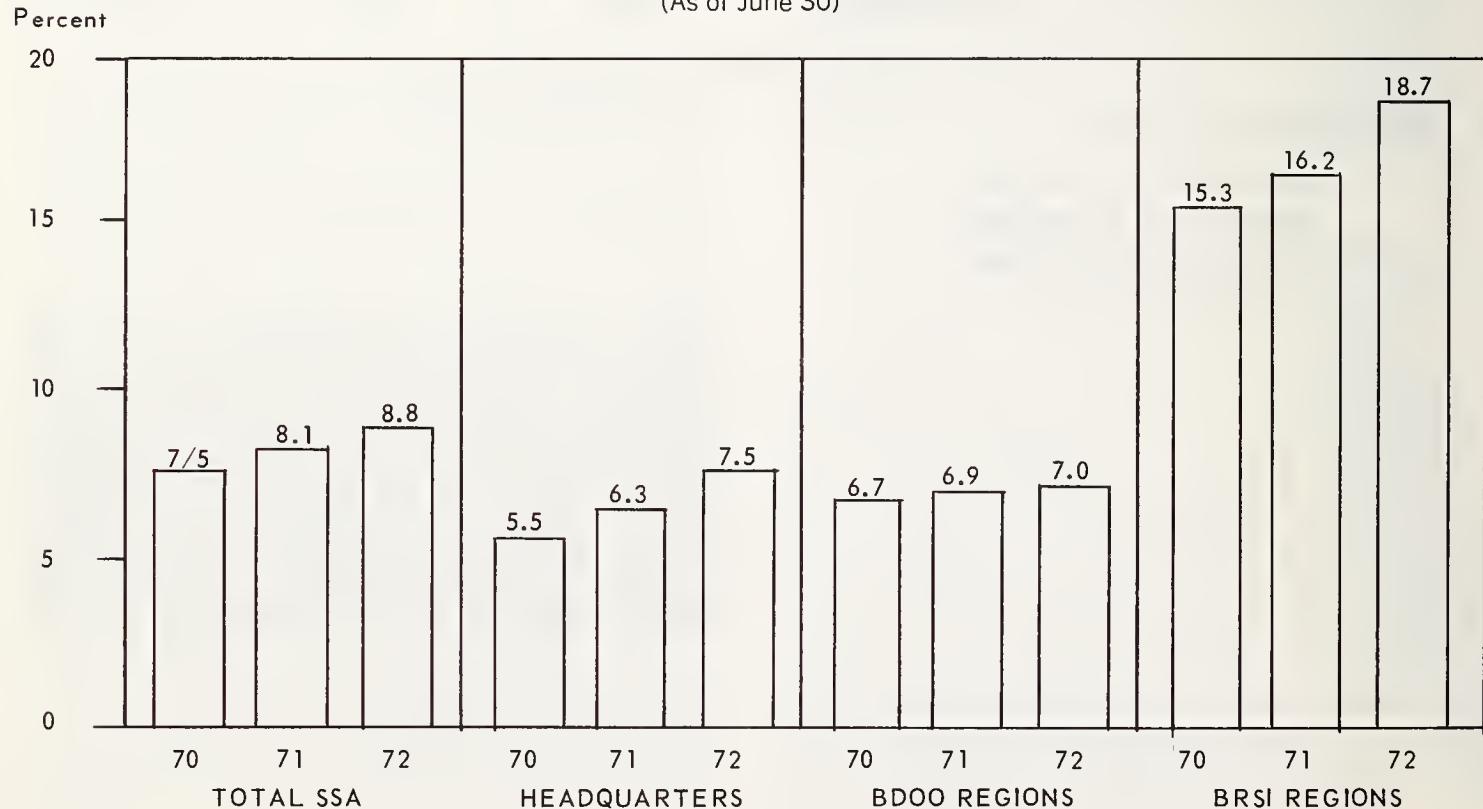
Percent of Minority Employees in GS-10 and Above Positions

(As of June 30)



Percent of Minority Employee Supervisors, GS-10 and Above in SSA as a Whole and in Major Organizational Segments

(As of June 30)



SSA affirmative action plans for 1973 stress the need for continued improvement in overall equal employment opportunity with special emphasis on the identified problem areas.

c. Women Employees

Women, who continued to constitute 67 percent of SSA's employees, were still substantially under-represented in the upper grades and in supervisory positions. Some gains were made in both areas in 1972, however. For example, the SSA goal to increase representation of women at grades GS-12-15 was exceeded by June 30, 1972,—the goal of 124 was exceeded by an actual increase of 156.

Women's Program

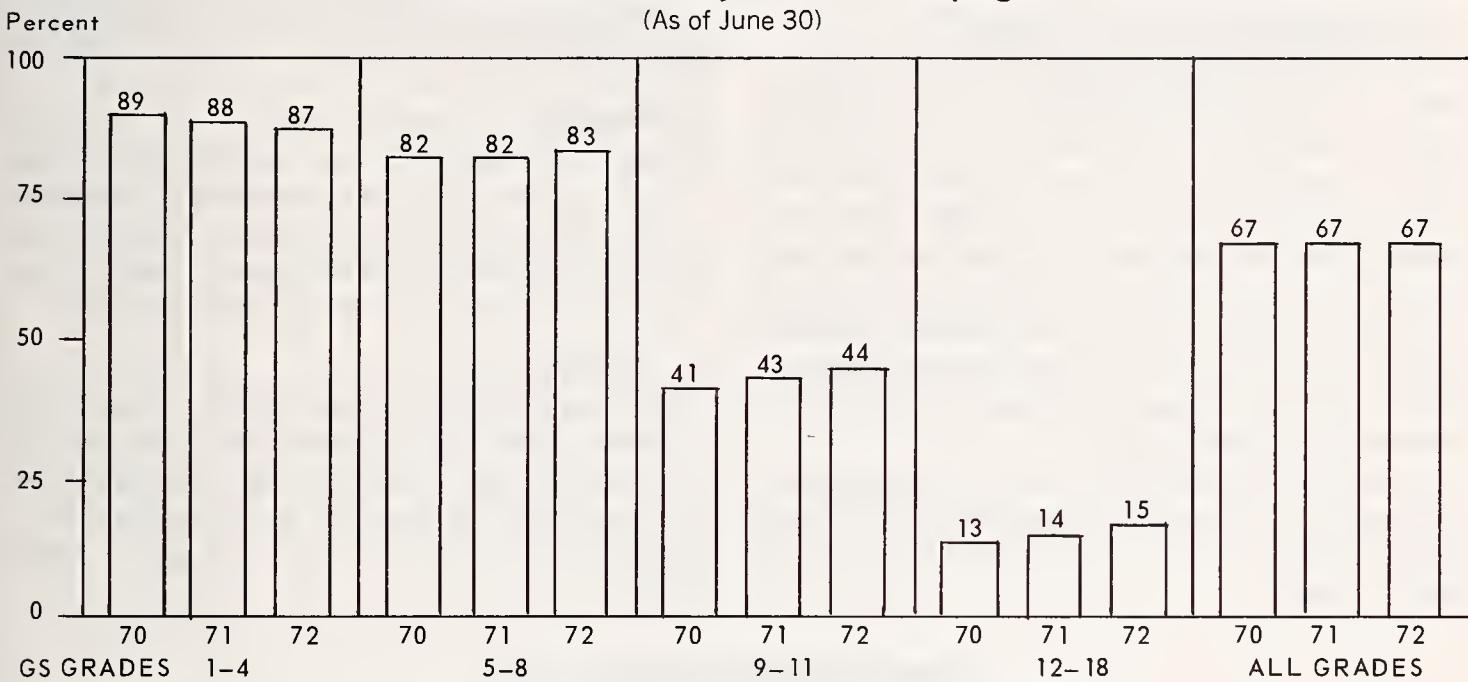
(As of June 30)

Grade	Women Employees 1971	Goal for 1972	Increase 1972
12 ¹	577	+ 91	+ 103
13	194	+ 16	+ 26
14	53	+ 12	+ 19
15	33	+ 5	+ 8
Total	857	+ 124	+ 156

¹ No goals were established for women below GS-12.

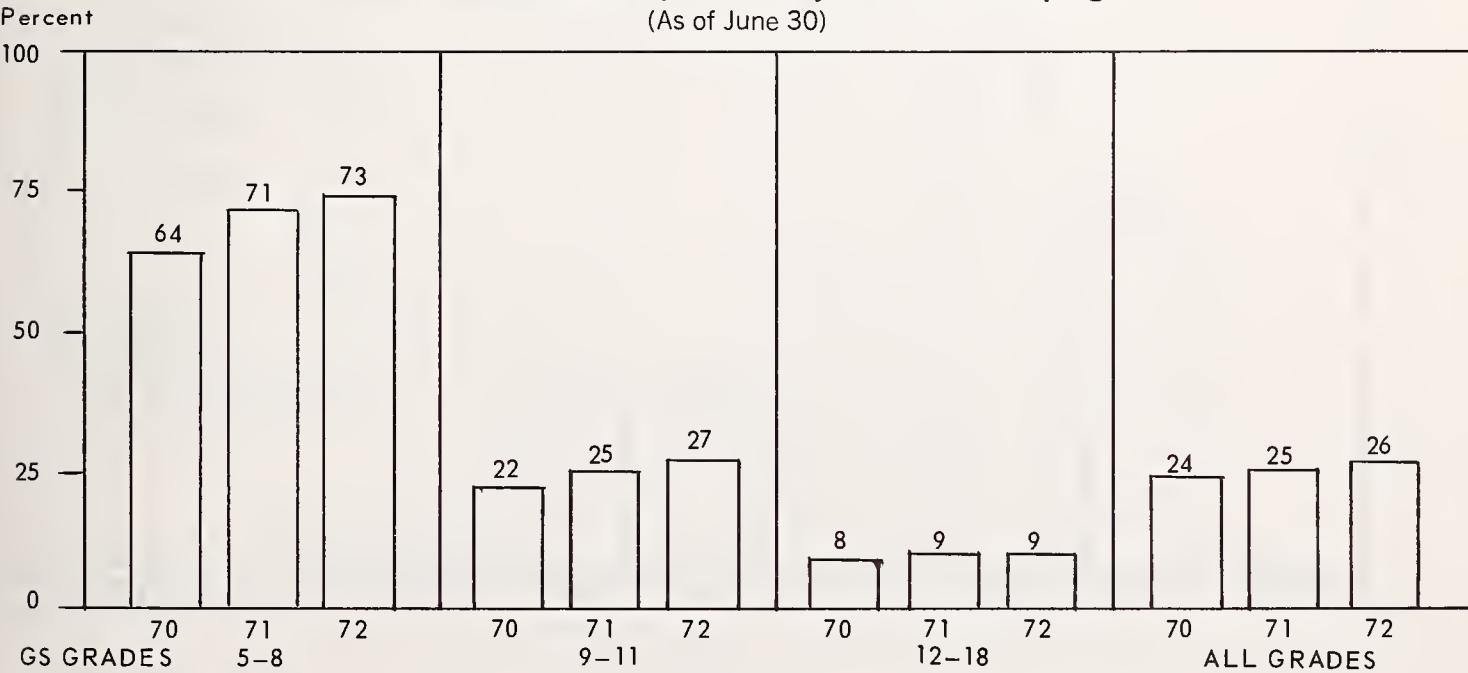
Percent of Women by GS Grade Groupings

(As of June 30)



Percent of Women as Supervisors by GS Grade Groupings¹

(As of June 30)



¹ There are no supervisors below GS-5.

d. Labor Relations

Union activity continued to grow during 1972. Ten more units were granted exclusive recognition—covering 64 DO's with nearly 1,000 employees. Because of this continued growth and the impact it has made on supervision, greater emphasis was placed on training SSA managers in labor-management relations.

Two important agreements affecting nearly 27,000 employees were negotiated in the past year: the new Central Office-AFGE Local 1923 agreement and the master agreement between BRSI and the AFGE National Council of Payment Center Locals. Both implement the negotiated grievance procedure requirement of Executive Order 11491, as amended.

e. Equal Opportunity Activities

(1) Discrimination Complaints

Since 1966, employees have had the opportunity to file a complaint if they felt that they had been discriminated against because of race, color, religion, or national origin. In July 1969, the same opportunity was extended to those who felt that they had been discriminated against on the basis of sex. In addition to formal complaints, employees have a right to discuss possible discrimination with an EEO counselor who has the authority to informally resolve the case.

Since 1966, there have been 279 discrimination complaints filed. Forty were filed in 1971 and 55 in 1972. Of the 55 cases filed in 1972 the results were:

- four cases where a finding of discrimination was made;
- five cases where an informal adjustment was made prior to a decision;
- ten cases where no discrimination was found; and
- thirty-six cases pending at year's end (in 12 cases some corrective action was taken; however, the issue of discrimination was still pending).

(2) Minority Banking

BHI assumed the entire DHEW goal of \$10 million in average daily balance in banks owned by minorities. The Government-wide goal was \$35 million. At year's end, Medicare funds with an average daily balance of \$9 million were being handled by such banks.

(3) Housing

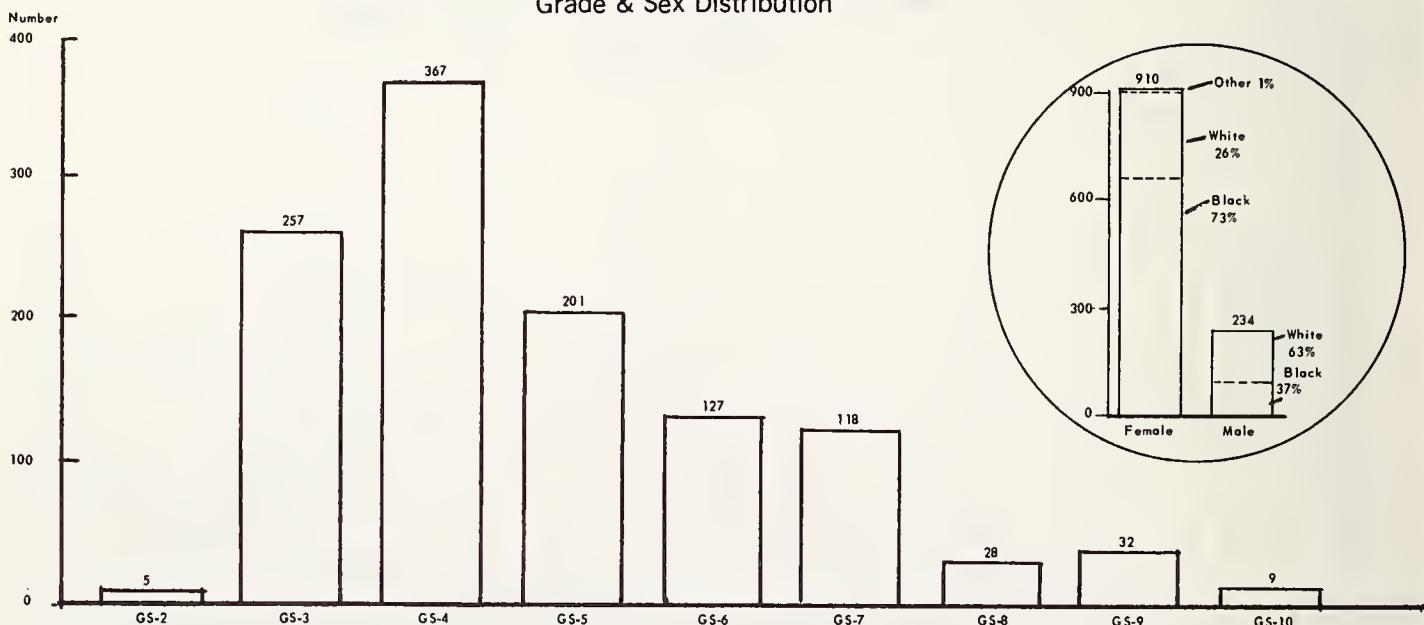
At year's end, each RC had appointed a housing coordinator who had begun educating employees on fair housing laws and available housing services. Each region had established guides to handle housing referrals and housing complaints.

f. Training

The Upward Mobility College Program was started in Baltimore during 1972 with over 1,100 employees participating. Approximately 1,200 SSA field employees are expected to be participants in a nationwide expansion of the program during 1973.

Upward Mobility College—1972

Grade & Sex Distribution



7. ORGANIZATIONAL CHANGES

Although there were no major reorganizations of bureaus and offices during 1972, there were several significant internal bureau changes. The reorganization of BRSI's CO components, approved in 1971, was published in the Federal Register in December 1971. The changes resulting were begun shortly thereafter, providing a more suitable alignment of functional responsibilities between CO and the six PC's.

In February 1972, an Adult Assistance Planning Office was established on a temporary basis to accomplish the administrative planning activities necessary to prepare for possible adult assistance legislation. This organization represented a merger of two informal groups—the task force and policy components—thereby providing better coordination and liaison between the two planning components.

During the first part of 1972 implementation of the major BHI reorganization (approved by the Secretary in 1971) was completed. The following CO components were established: the Division of Contractor Operations, the Division of Special Operations, the Division of Provider Reimbursement and Accounting Policy, the Division of Provider and Medical Services Policy, the Division of Systems, and the Appraisal Staff.

BDI restructured two of its major components:

- (1) In October 1971 the administrative activities under the Assistant Bureau Director, Administration, were realigned to meet increasing bureau management requirements; and (2) the Division of Reconsideration was regrouped in January 1972 to facilitate the effective processing of increased reconsideration workloads.

RETIREMENT AND SURVIVORS INSURANCE PROGRAM

Retirement and Survivors Insurance Program

Fiscal Year 1972
 ↑ Up ↓ Down } 1972 compared to 1971 unless otherwise noted

Claims

Applications Filed (Thousands)

Worker	1,400	↑ 8.5%
Dependents, Survivors, and all others	2,300	↔
Total	3,700	↑ .01%

Applications Cleared by DO and Type of PC Review

	Number (Thousands)	% of Total	
Regular	1,782	48%	
Limited:			
SCIP Complete	1,040	28%	
LSDP Only	891	24%	
Total	<b style="text-align: right;">3,713	<b style="text-align: right;">100%	

End-of-Year Pending (Thousands)

District Office	138	43.6%
Payment Center	178	56.4%
Total	<b style="text-align: right;">316	<b style="text-align: right;">100%

Processing Time

(mean days, 6/72 compared to 6/71)

District Office	15	↓ 3 days
Payment Center	28	↔
Transit	3	↑ 1 day
Total	<b style="text-align: right;">46	↓ 2 days

Percent Inaccuracy—Awards and Disallowances (6/72 compared to 6/71)

Material Inaccuracies:		Absolute Change
Payment	6.1	↑ .3%
Documentation	5.3	↑ 1.0%
Notices	2.1	↑ -.1%
Total	<b style="text-align: right;">13.5	<b style="text-align: right;">↑ 1.4%

Nonmaterial Inaccuracies. 2.6 ↑ 1.1%

Beneficiaries

	Workers	Dependents and Survivors	Total	% Change in Total
In Force as of 6/30/72				
(Millions) 15.1 11.1 26.2 ↑ 2.7%				
In Current Pay as of 6/30/72				
(Millions) 14.2 10.5 24.7 ↑ 3.3%				
Benefit Payments during 1972				
(Billions) \$22.4 \$12.1 \$34.5 ↑ 10.9%				

Post-Entitlement

Payment and Change-of-

Address Actions to Maintain

Rolls (Millions)	13.0	↓ 27.0%
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Timeliness of Action

(6/72 compared to 6/71)

	% Timely	Absolute Change
Check Stop	71	↓ 2%
Check Payment ...	69	↓ 2%
Change-of-Address .	86	↑ 3%

DO Direct Input of Notices

(Thousands)	4,999.3	↑ 845.0%
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Automatic Earnings

Recomputation

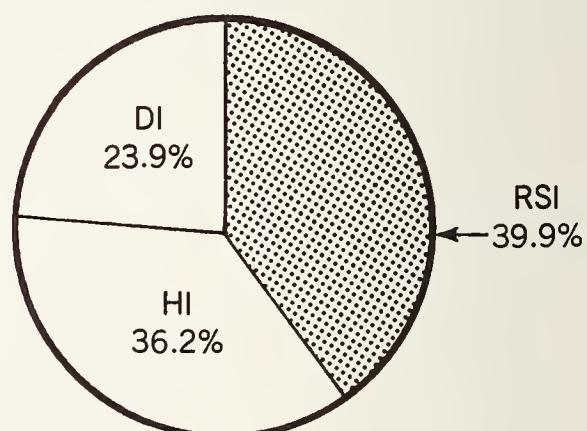
(Thousands)	1,980	↑ .003 %
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Administrative Costs

Unit Cost Per Claim \$46.45

Total Administrative

Cost (Millions)	457.2	↑ 8.3%
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RETIREMENT AND SURVIVORS INSURANCE PROGRAM

1. INTRODUCTION

This year marked an improved workload situation in both DO's and PC's. Pending workloads in DO's were reduced by 6.1 percent and in PC's by 26.8 percent, in spite of increases of about 1 percent in DO receipts and 5.3 percent in PC receipts.

Part of the improvement was due to an extra effort to process the major workloads before enactment of pending legislation. These reductions in pending workloads were accomplished in spite of substantial reductions in the use of overtime by DO's and PC's, and a 5.2 percent reduction in staff in PC's (DO staffing increased slightly). The expanded use of limited review in processing RSI claims also contributed to the ability of the DO's and PC's to handle the increased workloads. The percentage of limited-review cases increased from

48 percent at the end of June 1971 to 52 percent at the end of June 1972.

2. WORKLOADS, PROCESSING TIME, AND ACCURACY

a. Initial Claims

(1) Workloads

Receipts of initial claims by DO's in 1972 exceeded 1971 receipts by 33,000 (less than one percent). DO's cleared about the same number of claims in 1972. They reduced their pendings by 9,000 cases (five percent).

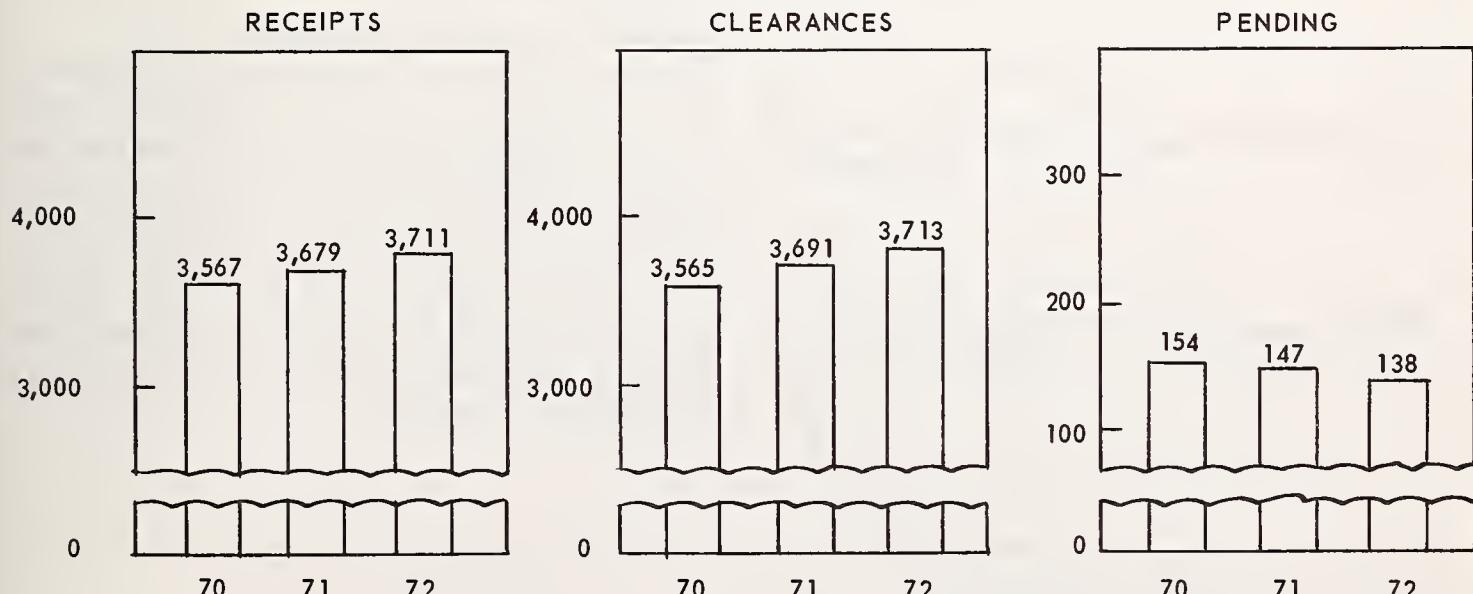
The PC's cleared 177,000 more claims than in 1971, and pendings in the PC's at year's end were 65,000 (36.5 percent) lower than in 1971.

Pending workloads, a major indicator of the health of both DO's and PC's, were at their lowest level in more than two years.

RSI Claims
(Thousands)

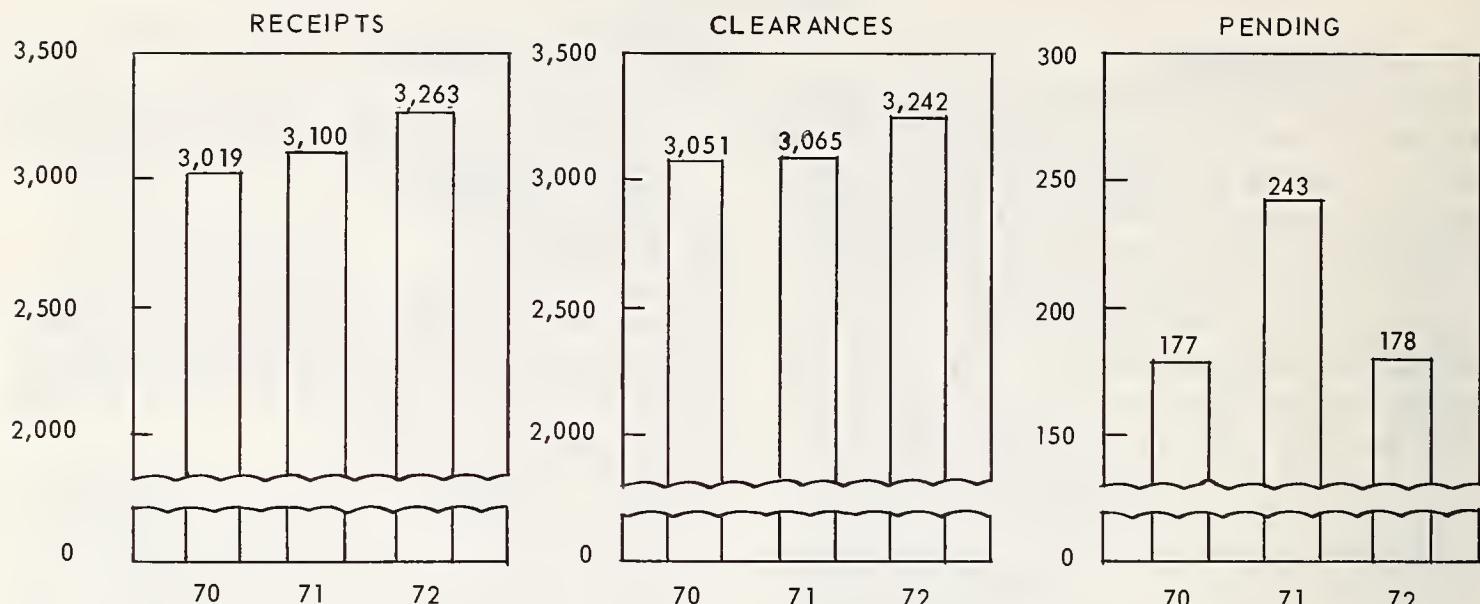
	DO Applications			PC Folders		
	1970	1971	1972	1970	1971	1972
Receipts	3,567	3,679	3,711	3,019	3,100	3,263
Clearances	3,565	3,691	3,713	3,051	3,065	3,242
End-of-Year Pendings	154	147	138	177	243	178

District Office RSI Claims
(Applications in thousands)

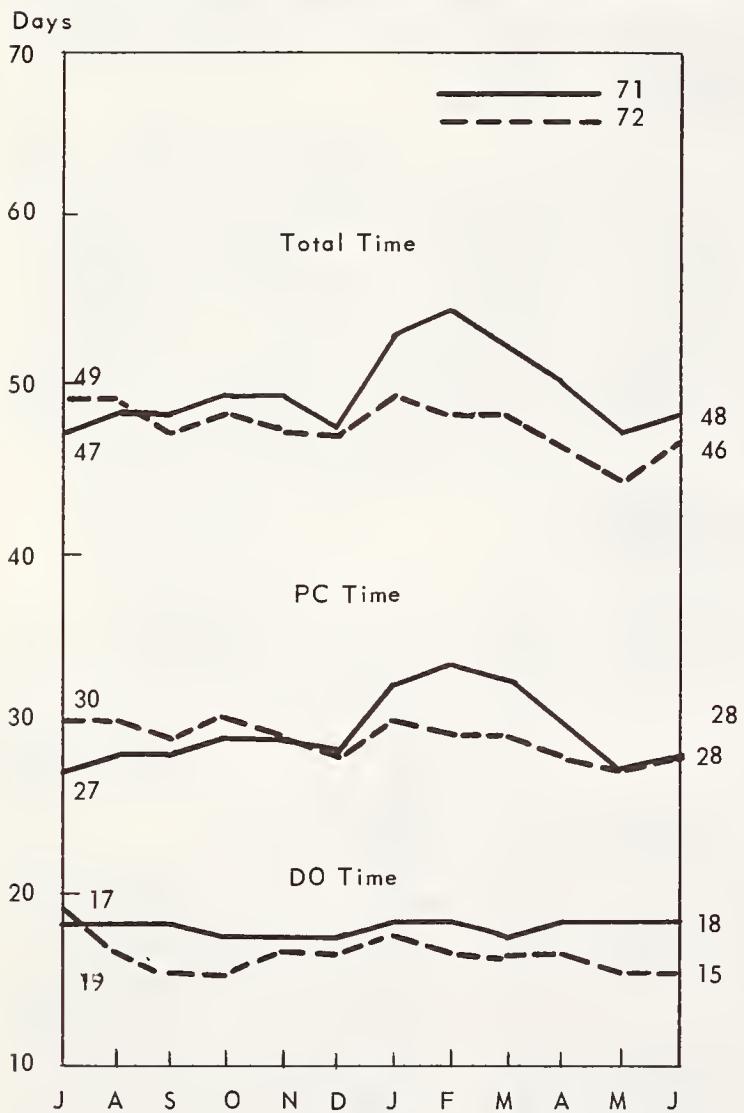


Payment Center RSI Claims

(Folders in thousands)



RSI Claims Processing Time (Mean)¹



(2) Processing Time

Average total processing time for initial RSI applications decreased slightly during 1972. DO time was below comparable 1971 time for each month of the year, but PC time was not quite as favorable, although it was lower than for comparable periods of 1971 much of the year.

(3) Accuracy

The percent of cases free of payment-related inaccuracies at the end-of-line in RSI awards and disallowances dropped significantly early in 1972. Improvement began in October and, since early calendar 1972, the accuracy rate has hovered around 95 percent.

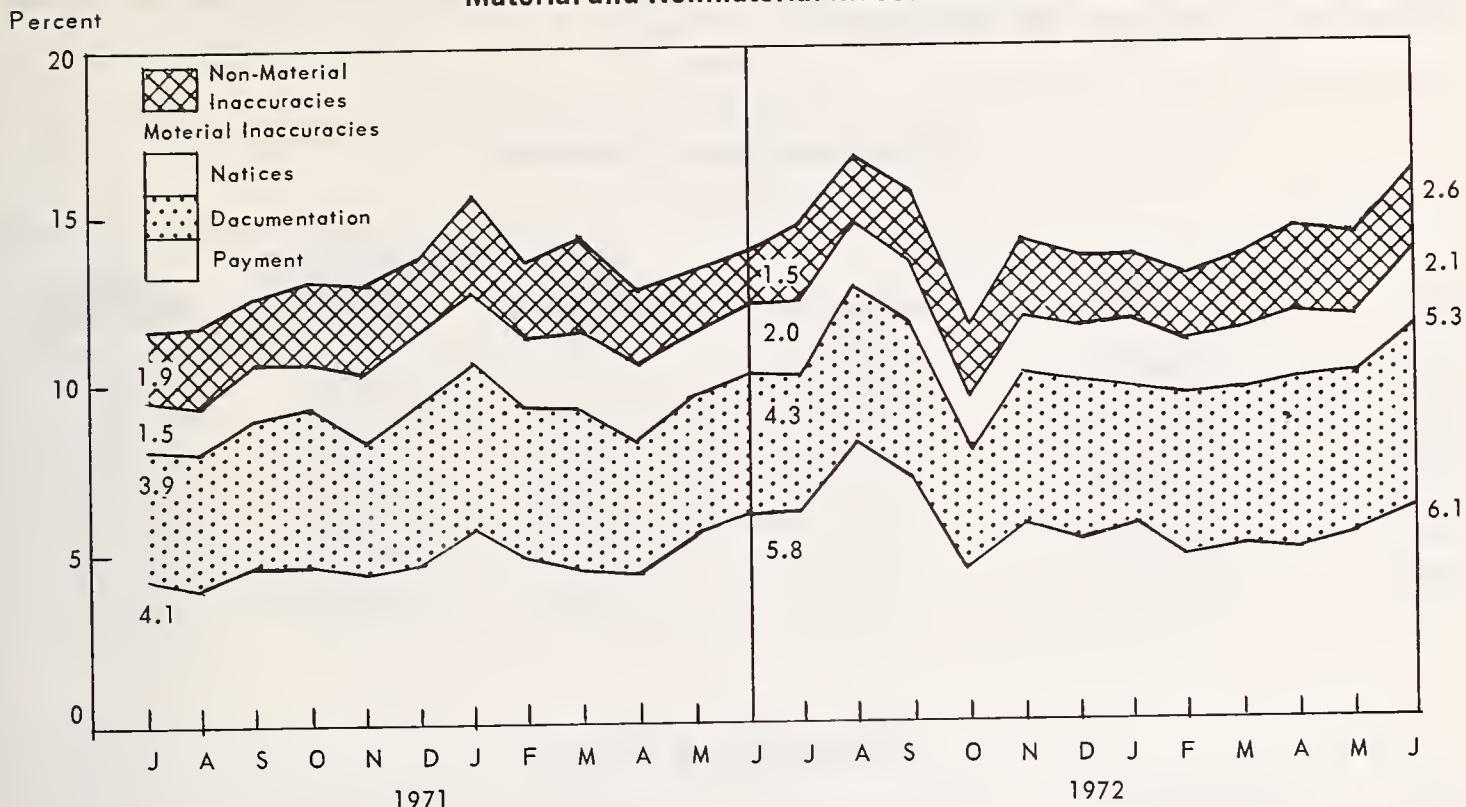
(4) Age of Cases in Operations

Even more important than the total number of items pending is the length of time they remain pending. In this area, the PC's maintained the relatively favorable position attained at the end of last year. At the end of June, 30 percent of the total folders in operations were at least 30 days old. In terms of total folders rather than percent, this was a 36,000 decrease from the same point last year. A percentage breakdown of the age of folders pending follows.

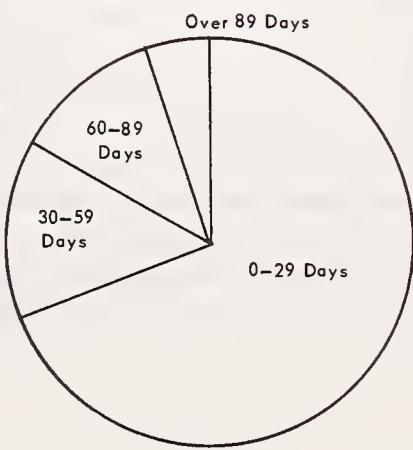
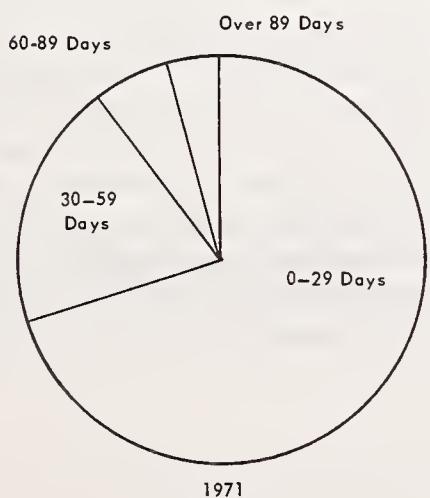
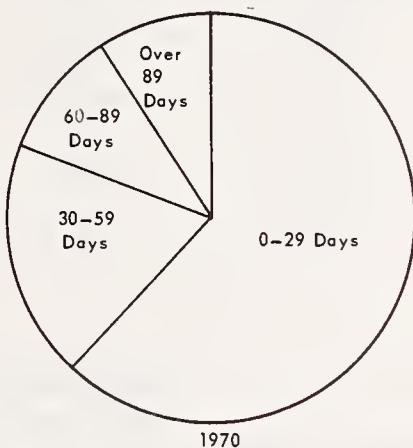
¹ Transit time is not shown. It is the difference between the sum of the work station times and total time.

Accuracy of RSI Awards and Disallowances

Material and Nonmaterial Inaccuracies



AGE OF FOLDERS PENDING IN OPERATIONS



(5) Claims Disallowance Processing

The percent of disallowed claims increased only slightly over the 1971 level. Reconsiderations re-

mained steady. The affirmation rate on disallowances was up slightly, continuing an existing trend.

Claims Disallowance Processing

1968 — 1972

Year	Claims Received	Disallowances	Percent of Claims	Reconsideration Requests Received	Percent of Disallowance
1968	2,949,767	287,387	9.7	40,108	14.0
1969	3,114,200	299,582	9.6	37,867	12.6
1970	2,920,807	219,043	7.5	35,831	16.3
1971	3,066,086	203,177	6.6	30,960	15.2
1972	3,279,450	218,291	6.7	32,995	15.1

Reconsideration Process

Year	Reconsideration Requests Processed	Reconsideration Requests Affirmed	Percent of Requests	Reconsideration Requests Revised	Percent Requests
1968	39,616	13,823	34.9	25,793	65.1
1969	38,177	12,961	34.0	25,216	66.0
1970	38,424	12,704	33.1	25,720	66.9
1971	31,216	11,052	35.4	20,164	64.6
1972	30,000	12,000	40.0	18,000	60.0

b. Post-Adjudicative Actions

(1) Workloads

In 1972, the volume of DO direct-input notices was fairly constant. Although no new systems were implemented, the work-notice system was expanded in October 1971 to permit increased input. Although post-adjudicative notices received for processing in the PC's have decreased steadily during the past two years (primarily because of the direct input of notices in DO's), cyclical loads remained steady and inquiries rose slightly. Thus, the post-adjudicative load in the PC's was little changed from 1971.

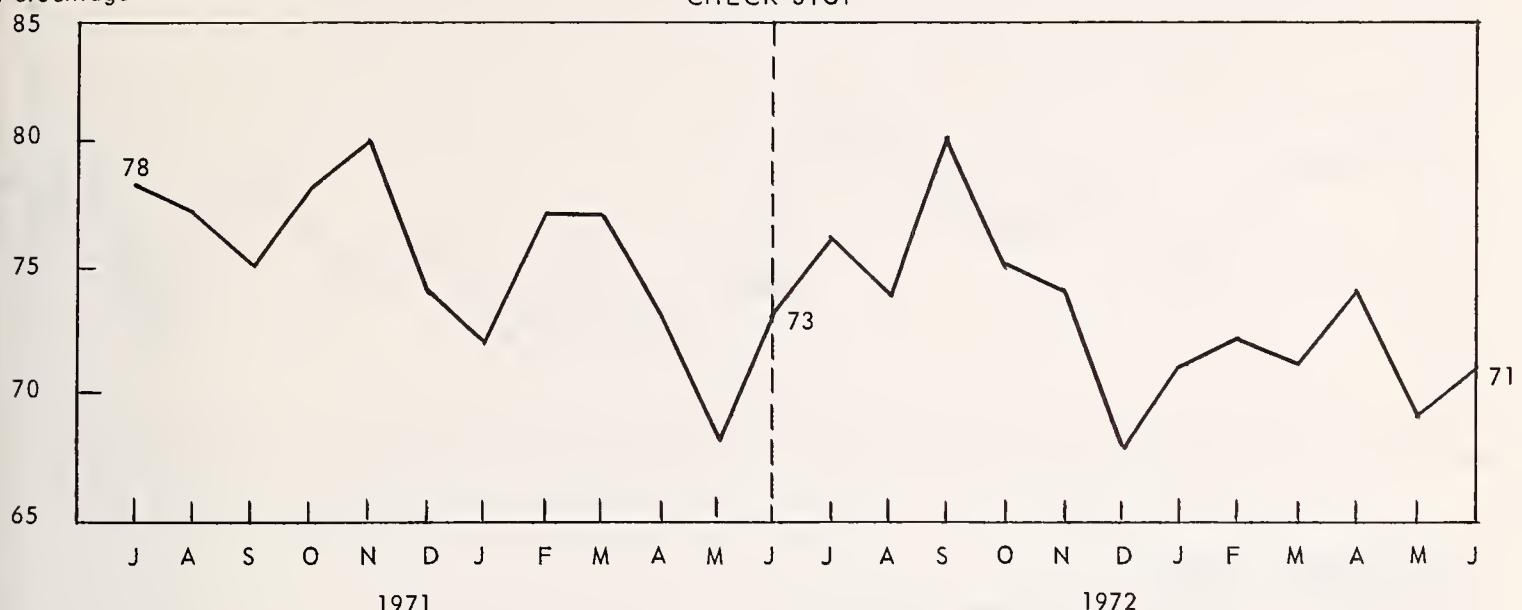
(2) Timeliness

Timeliness of all payment actions was close to 70 percent during 1972. DO direct-input payment actions were consistently timely during 1972, averaging 99 percent. The timeliness of manual payment actions ranged from 50 to 58 percent. All stop-payment actions ranged from 68 to 80 percent timely, comparing closely to 1971 data on these actions. The timeliness of DO direct-input stop actions showed greater fluctuation in 1972, ranging from 84 to 94 percent. Manual stop actions ranged from 28 to 43 percent timely.

Timeliness—Check Stop and Check Payment Actions

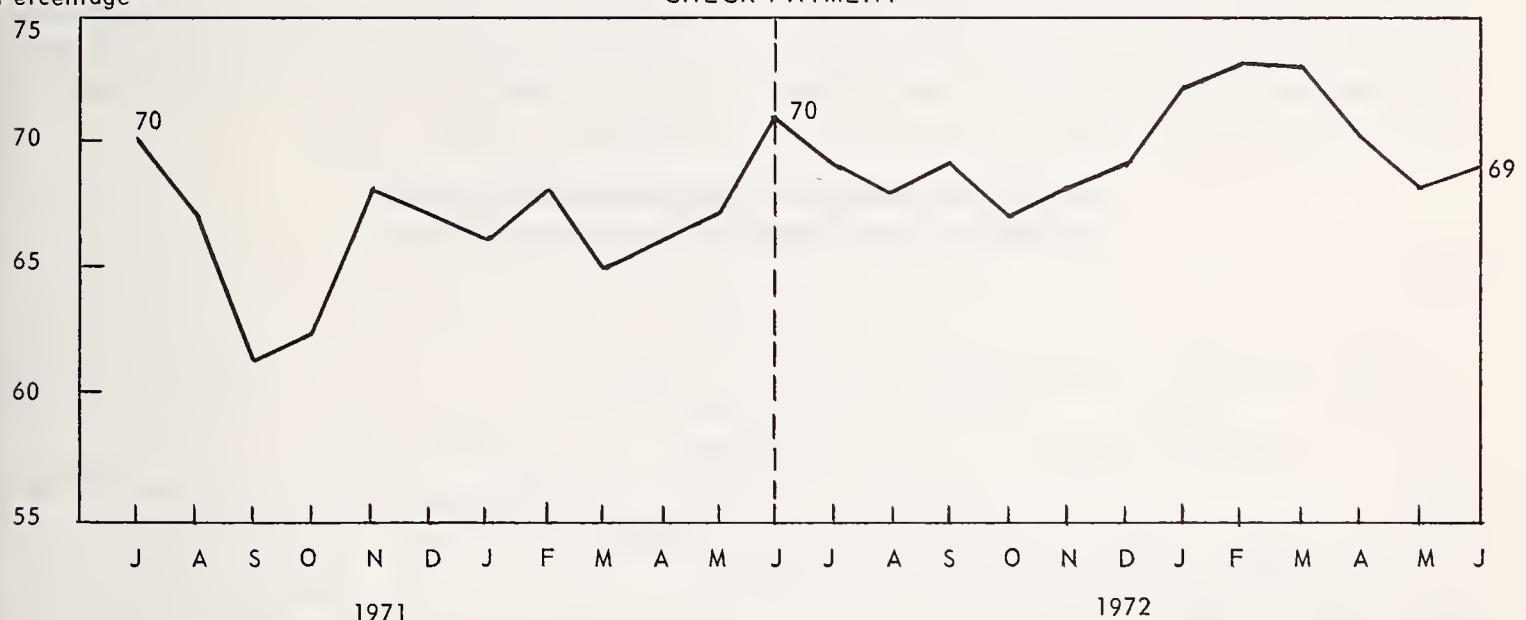
Percentage

CHECK STOP



Percentage

CHECK PAYMENT



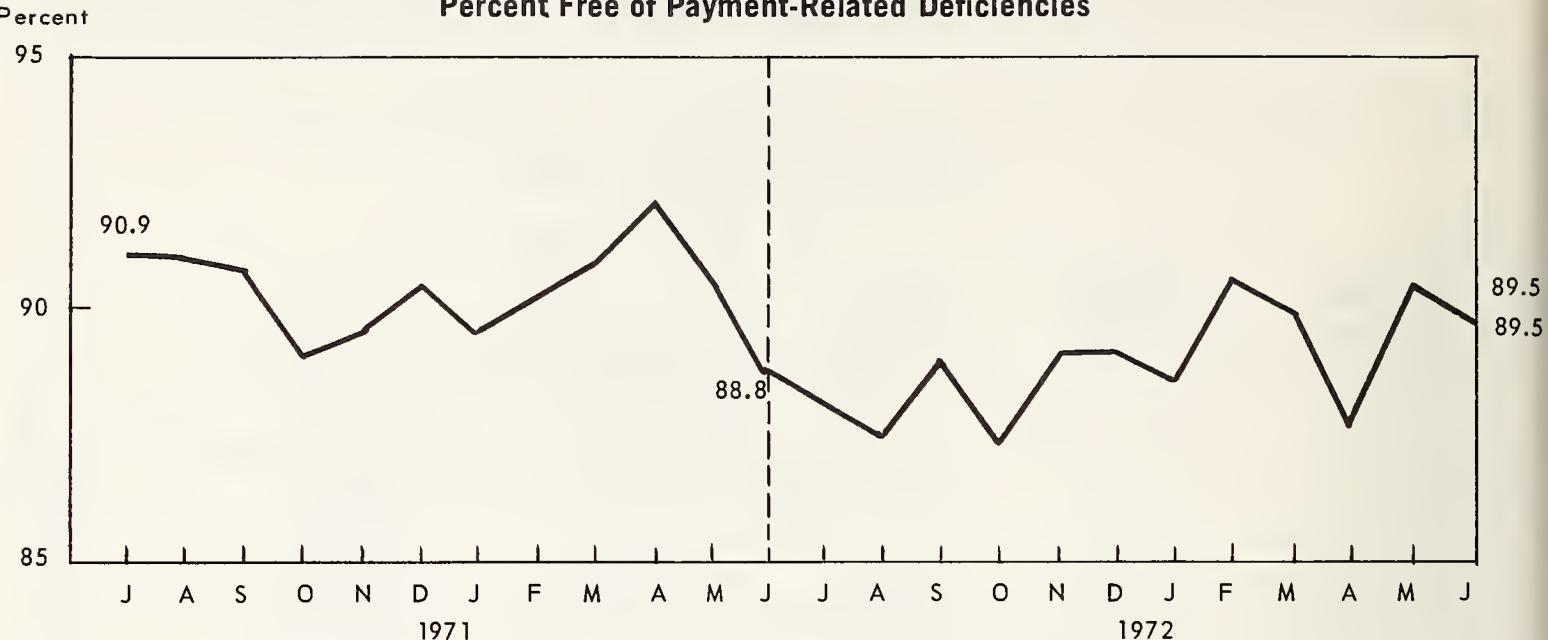
¹ Timeliness—percentage of beneficiary notices processed in time to pay, stop, or redirect the first check which could be affected by the notice.

(3) Accuracy

The percentage of post-adjudicative actions free of payment-related deficiencies at end-of-line averaged about 90.3 percent during the first half of

1972. While most of this decline was recouped during the last half of the year, payment accuracy for 1972 averaged somewhat less than for 1971.

RSI Post-Adjudicative Actions Percent Free of Payment-Related Deficiencies

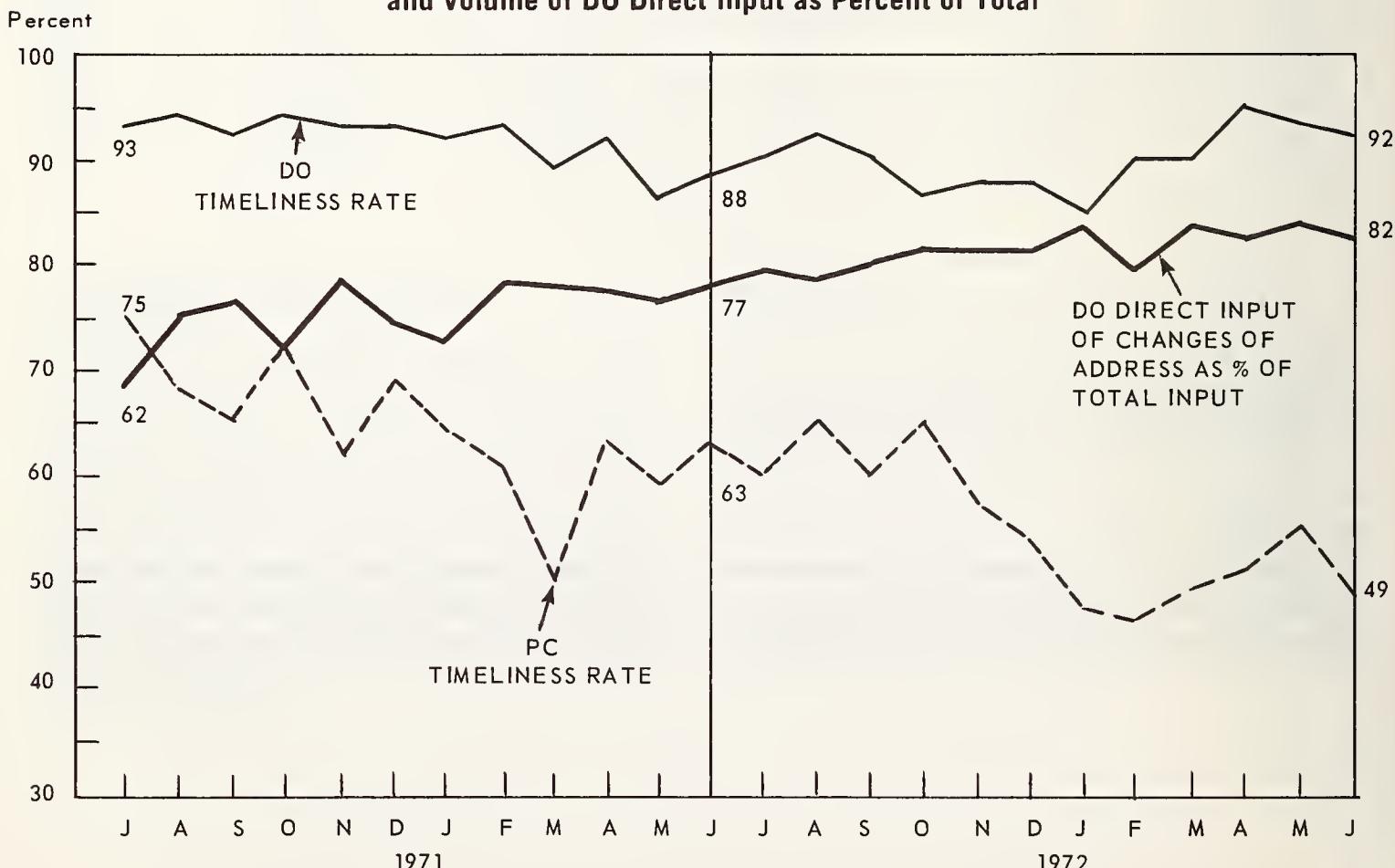


(4) Change of Address

Timeliness of all change-of-address actions was virtually unchanged from last year, holding at around 85 percent. Timeliness of DO direct-input actions ranged from a low of 85 percent to a high of 95 percent. DO input constituted over 80 percent of the total input during most of 1972, a

figure significantly higher than in 1971. During the middle of the year, changes in cutoff dates for making change-of-address inputs to the system, had an unfavorable effect on both DO and PC timeliness for several months.

Beneficiary Changes of Address—Timeliness Rate and Volume of DO Direct Input as Percent of Total



DISABILITY INSURANCE PROGRAM

Disability Insurance Program

Fiscal Year 1972
 ↑ Up ↓ Down } 1972 compared to 1971 unless otherwise noted

Claims

Applications Filed (Thousands)

Worker	925	66.8%
Dependents	460	33.2%
Total	1,385	100 %

Allowances

	No. (Thousands)	% of Determinations
Initial Claims ..	426.5 ↑ 22.8%	42.0 ↑ 3.2%
Recon. Requests ..	58.3 ↑ 31.9%	36.5 ↓ 3.4%
Hearing Requests ..	19.2 ↑ 19.3%	43.7 ↑ 1.9%
Total	504.0 ↑ 23.6%	

End-of-Year Pending (worker only, in thousands)

District Office	37.3 ↓	45.1%
State Agency	98.7 ↑	12.4%
BDI	19.4 ↓	36.0%
Total	155.4 ↓	16.5%

Processing Time—Initial Awards

(mean days—6/72 compared to 6/71)		
District Office	17 ¹ ↓	22 days
State Agency	43 ↑	9 days
BDI	24 ↓	6 days
Transit	8 ↑	3 days
Total	78 ²	30 days

¹ Time from receipt to final dispatch of case to BDI. Medical portion of case dispatched to State Agency after 3 days.

² Work Station time not additive to total time because of 14 days in which case is in both DO and SA undergoing SD.

Appellate Process

Workload

No. of Cases (Thousands)	% of Total Claims Workload	Absolute Change
215.1 ↑	31.1% 17.5 ↑	1.4%

Absolute Change

Court Affirmation Rate (%)

During 1972	83 ↑	3%
Cumulative All Years	73 ↑	2%

Beneficiaries (Millions)

In Force as of 6/30/72	Workers	Dependents	Total	% Change in Total
In Current Pay as of 6/30/72	1.74	1.40	3.14 ↑ 10.6%	
Benefit Payments during 1972 \$3,269	\$777	\$4,046	↑ 19.7%	

Post Entitlement

Payment and Change-of-Address

Actions to Maintain Rolls

(Millions)	3.5 ↑	20.7%
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Administrative Costs

Unit Costs Per Claim

SSA only	\$127.27
State Agency only ...	62.76 ↑ 6.7%

Total Administrative

Cost (Millions)	\$273.4 ↑ 19.8%
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Black Lung Program

Claims (Thousands)

Applications Filed	70.7 ↓	48.4%
Applications Cleared ...	71.8 ↓	328.9%
Awards	41.7 ↓	65.2%
Denials	30.1 ↓	77.9%

Appellate Process (Thousands)

Reconsiderations	
Requests	42.7 ↓
Decisions	77.9 ↑
Affirmations	65.3 ↑
Reversals	12.6 ↑

Beneficiaries (Thousands)

Miners	84 ↑	23.5%
Widows	75 ↑	31.6%
Dependents	96 ↑	31.5%
Benefit Payments ...	\$732,608	

Administrative Costs

Man-years	1,228 ↓	8.5%
Total Administrative Cost (Millions)	\$21.7 ↑	.9%

DISABILITY INSURANCE PROGRAM

1. INTRODUCTION

During 1972, continued heavy receipts of BL claims contributed to some increases in pendings in SA's and in BDI, although both processed substantially more regular DI claims than in 1971. DO's were able to reduce pendings by 45 percent.

BL cases, received, processed, and pending, were all lower in 1972 than in 1971, although pendings were reduced only slightly. Processing time improved significantly due, in large part, to the extended use of simultaneous development (SD).

2. REGULAR DIB WORKLOADS AND PROCESSING TIME

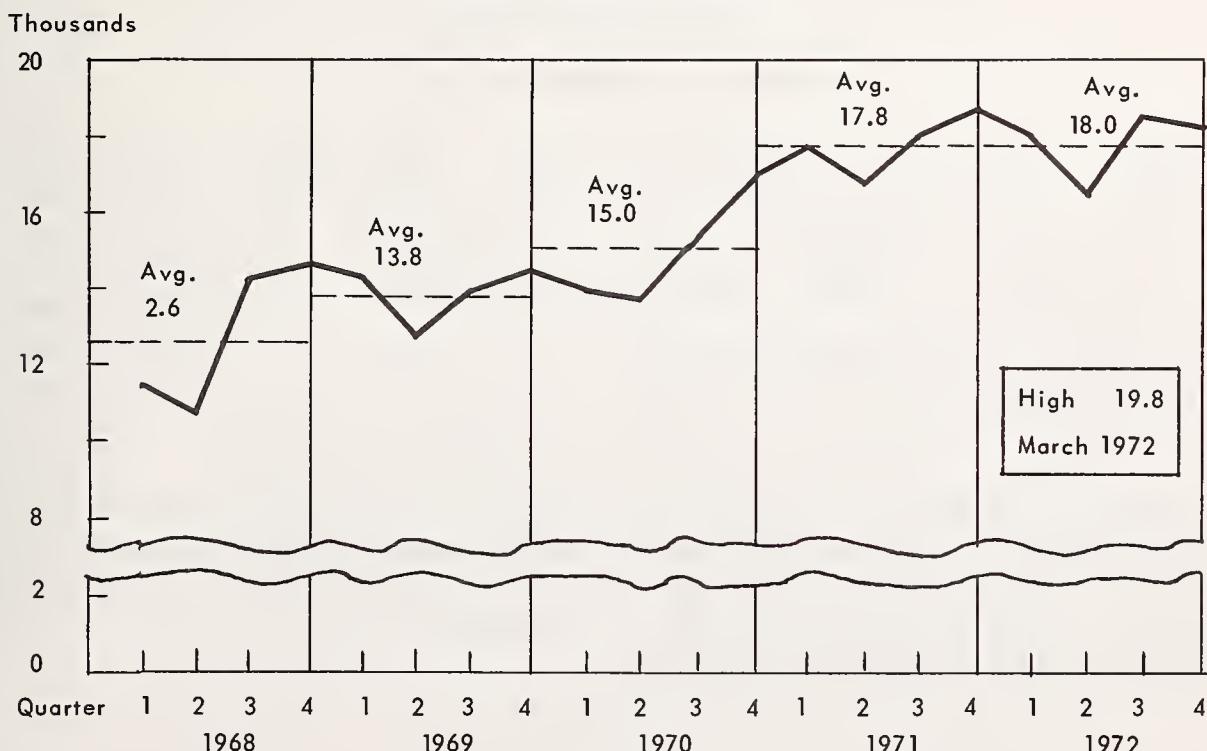
Disabled Worker Claims only—Excludes BL Claims
(Thousands)

	DO Applications			SA Determinations			BDI Determinations		
	1970	1971	1972	1970	1971	1972	1970	1971	1972
Receipts	778.8	925.3	924.3	575.8	728.6	805.9	698.3	864.5	934.1
Clearances	766.4	934.5	954.9	555.2	696.6	795.1	685.0	875.1	931.9
End-of-Year Pendings	77.2	68.0	37.3	55.9	87.8	98.7	26.9	6.3	8.6

Receipts, clearances and pendings of disabled workers regular claims (non-BL) were all higher in 1972 than in 1971. Total end-of-year pendings

(DO, SA and BDI) decreased from 1971 pendings by approximately 10.8 percent, while DO's reduced their pendings by 45 percent.

DIB Applications Received in DO
(Weekly Average per Quarter)

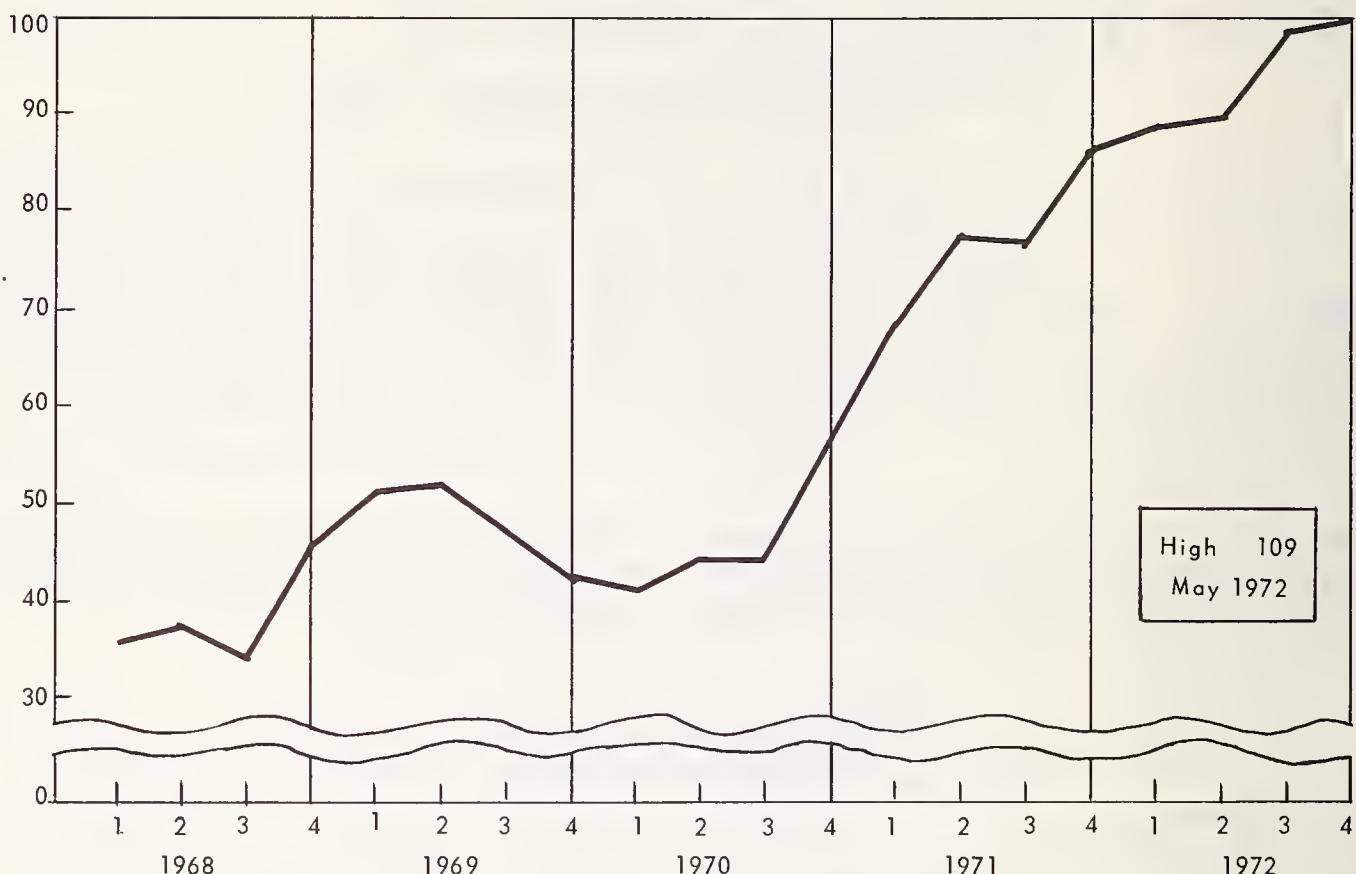


Quarter	1968	1969	1970	1971	1972
1st	11.4	14.1	13.9	17.8	18.0
2nd	10.7	12.7	13.7	16.7	16.4

Quarter	1968	1969	1970	1971	1972
3rd	14.1	13.9	15.3	18.0	18.5
4th	14.4	14.3	17.0	18.7	18.2

Disabled Worker Claims Pending in State Agencies
Weekly Average [Thousands] per Quarter)

Thousands



Quarter	1968	1969	1970	1971	1972
1st	35.0	50.2	40.3	68.1	87.4
2nd	37.0	51.0	43.3	76.8	88.0

Quarter	1968	1969	1970	1971	1972
3rd	34.0	46.9	43.3	76.2	97.1
4th	44.5	41.3	53.4	85.3	99.8

Yearly Average

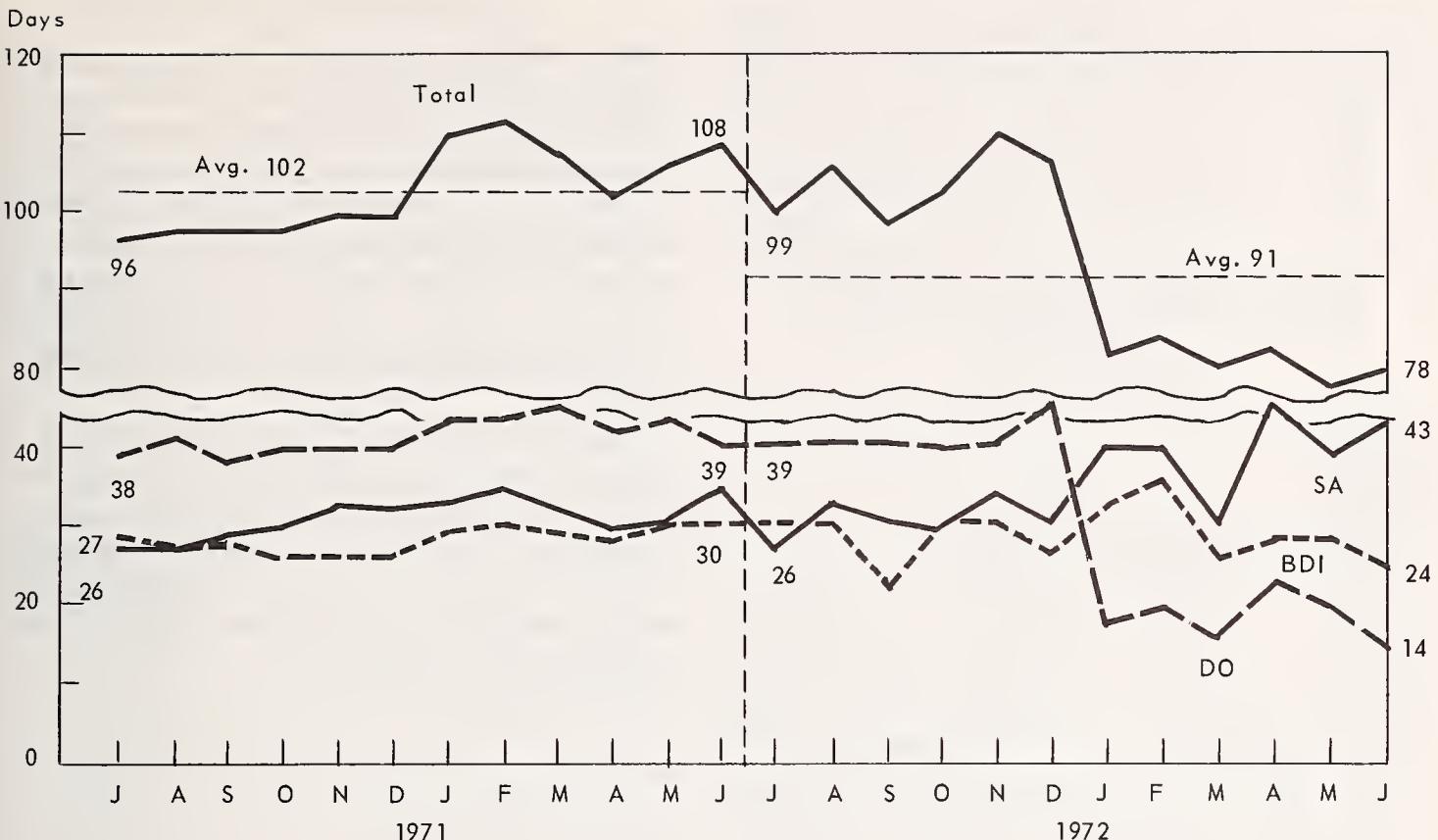
	1971	76.6
	1972	93.1

The number of regular (non-BL) DIB claims was almost the same in 1972 as in 1971.

The average number of DIB claims pending in SA's was higher in all quarters of 1972 than 1971. The yearly average was 21.5 percent higher than 1971. A major factor in this higher figure of pendings was the extension of the SD

procedure to all States during 1972. The result is that the amount of time a DIB claim spends in the SA is increased, although total processing time for the claim is reduced.

Disability Claims Processing Time in Days (Mean)¹
Initial Awards



¹ Not shown is transit time, which is the difference between the sum of station times and total time.

DIB processing time improved during the year—dropping from 99 days in July 1971 to 78 days in June 1972. The average for the year was 91

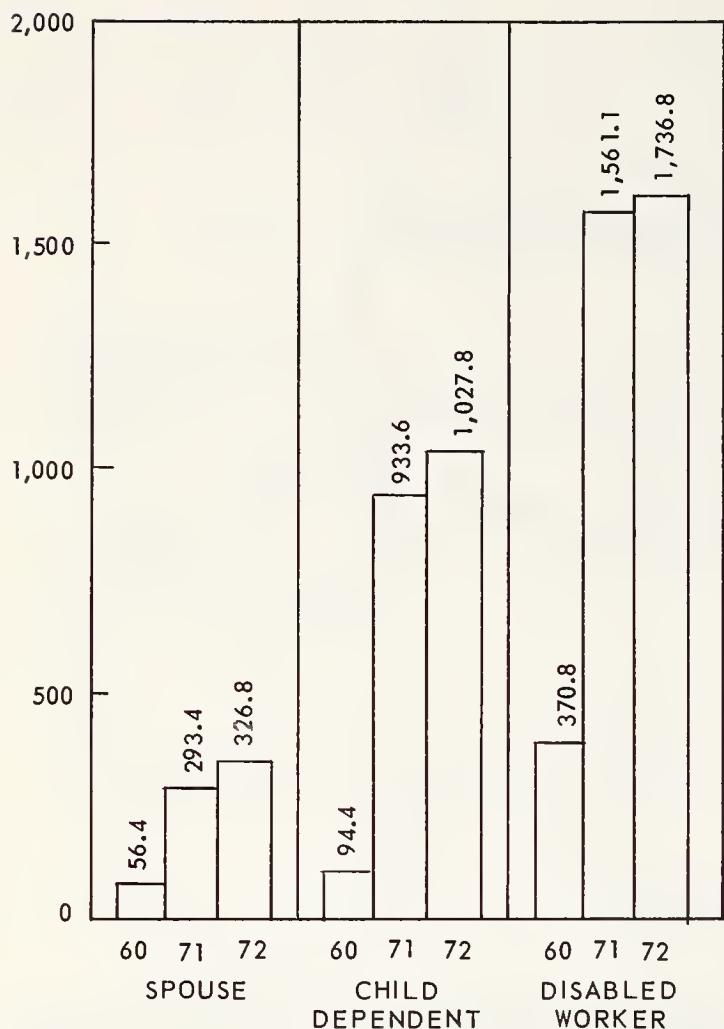
days. Again, the new SD procedure in DO's and SA's was a major factor in reducing DI processing time.

Beneficiaries And Benefit Amounts

Type of Benefit	End of 1960		End of 1971		End of 1972	
	No. of Beneficiaries in Current Pay	Avg. Monthly Benefit Amount	No. of Beneficiaries in Current Pay	Avg. Monthly Benefit Amount	No. of Beneficiaries in Current Pay	Avg. Monthly Benefit Amount
Spouse	56,400	\$35.92	293,400	\$46.10	326,761	\$45.30
Dependent Child	94,400	30.98	933,600	41.84	1,027,754	41.41
Disabled Worker	370,800	89.33	1,561,100	145.32	1,736,763	147.93
Total	521,600	.....	2,788,100	.....	3,091,278	.....

Number of Beneficiaries

(Thousands)

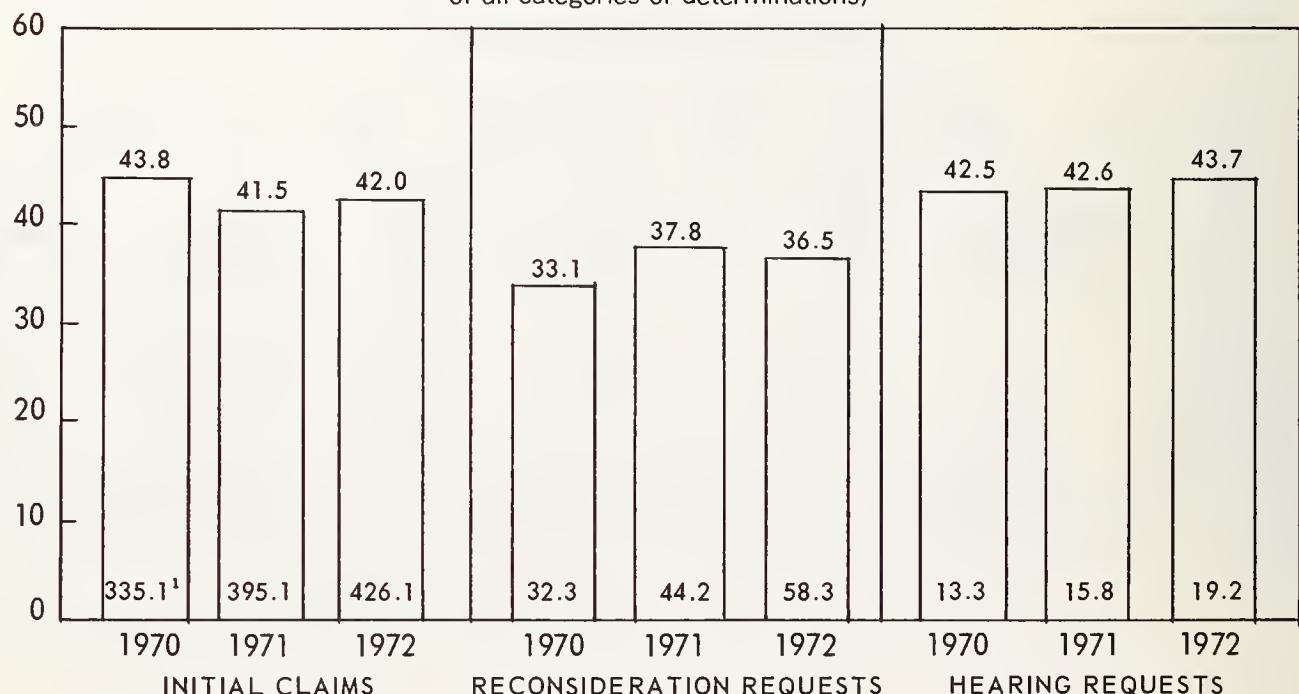


Since 1960 the number of DI beneficiaries in current pay status has increased by 490 percent. Benefit amounts for workers have increased over 65 percent, while increasing at the ratio of 26 and 34 percent for spouses and children. The difference in rates of increase are due to increases in the family maximum provision, which causes a reduction in auxiliary but not in worker benefits to keep the total family benefits within the maximum allowed.

Disability denials have continued to grow at a faster rate than awards for workers, widows, and children. Possibly the most important factor in contributing to this trend has been the encouragement of applications from persons who inquire about benefits, even when there may be some doubt about their eligibility.

Disability Determinations—Allowance Rate

(Favorable determinations by number and as a percentage
of all categories of determinations)



¹ The numbers within the bars represent the actual number of favorable determinations, in thousands.

3. BLACK LUNG WORKLOADS

BL cases continued to be a major factor in some DO's and SA's and in BDI centrally. While receipts and claims processed declined sharply, BL claims receipts continued to be higher than originally anticipated for the year.

At the end of the year approximately 192,200 BL claims were waiting to be redetermined based on the 1972 BL amendments.

Initial BL Claims and Reconsiderations

(Thousands)

	Cumulative 12/69-6/72	1972	1971	1970
Initial BL Claims				
Net Claims				
Received ¹	373.7	70.7	137.0	166.0
Processed	341.8	71.8	256.0	14.0
Pending	31.9	31.9	33.0	152.0
Awards ²	175.1	41.6	119.7	13.8
Terminations	16.0	10.9	4.9	.2
In Force	159.1	159.1	127.4	13.6

Reconsiderations

Received	110.7	42.7	68.0	....
Processed	94.6	77.9	16.7	....
Reversed	17.0	12.6	4.0	....
Pending	16.1	16.1	51.3	....

¹ Excludes claims from widows whose husbands had previously filed claims.

² Includes subsequent awards to widows whose husbands were previously awarded benefits; excludes a small number of one-check-only awards.

Pre-amendment Claims to be Re-examined under 1972 Amendments

Total	192.2
Prior Denials	173.4
Previously Unadjudicated	18.8

4. DISABILITY APPELLATE WORKLOADS

a. Appellate Experience

During 1972, a larger percentage of denied applicants requested reconsideration than in 1971 (27.6 percent and 20.1 percent, respectively). Of those who did request a reconsideration, a smaller

percentage had their claims reversed (37.8 in 1971 and 36.5 in 1972). This reversed a trend which had been constant for the three prior years. Most requests for reconsideration were filed by people whose claims had been denied for medical rather than technical reasons (e.g. lack of insured status).

Percentage Distribution of all DIB Allowances by Level of Consideration at which Allowed, by Half Year

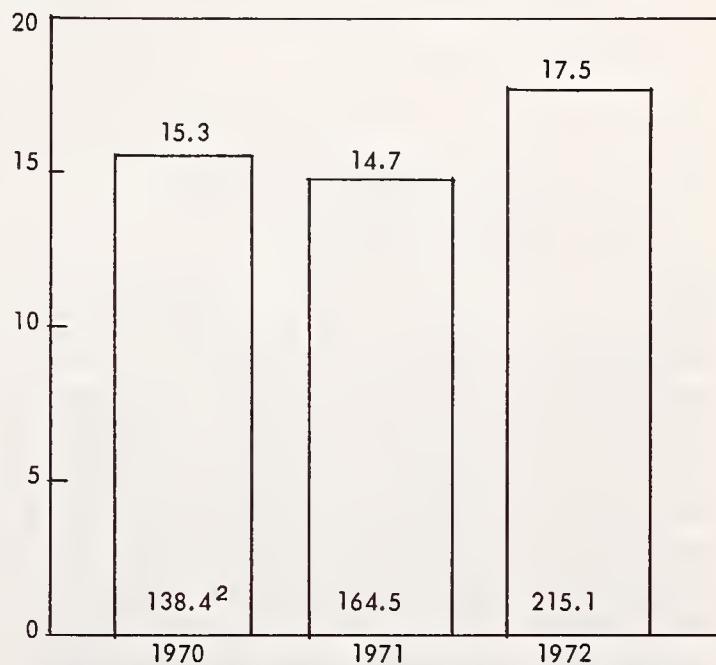
1971 and 1972

1971	Initial Allowances	Reconsideration Reversals	Hearings Examiner and Appeals Council Reversals
1st half	86.9	9.3	3.9
2nd half	85.3	10.5	4.2
year	86.1	9.9	4.1
1972			
1st half	87.0	9.7	3.3
2nd half	84.6	11.4	4.0
year	85.8	10.5	3.7

b. Workloads

Appellate Process Workloads by Number and as a Percentage of Total Claims Workloads ¹

Percent

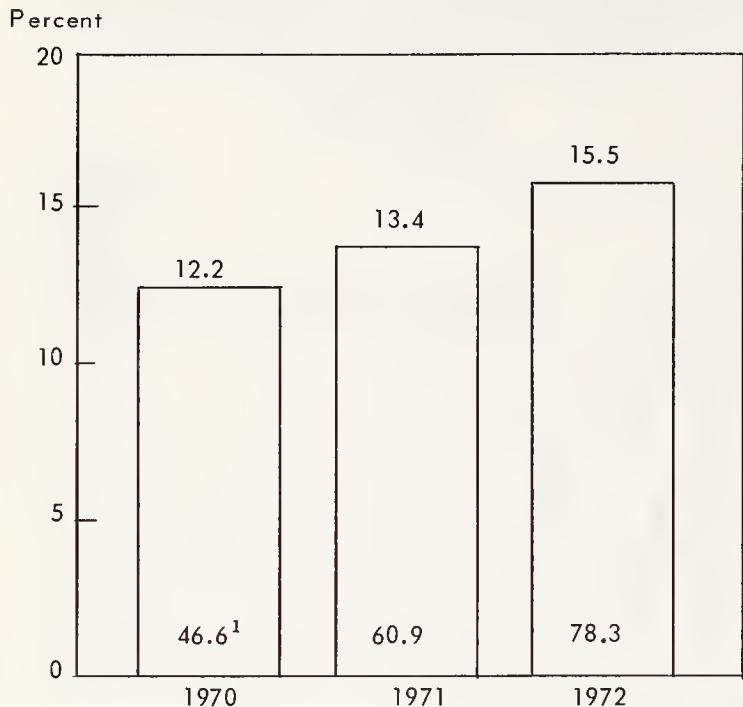


¹ The appellate process workload refers to the cumulative number of cases handled at each appellate level. Thus, a single case going through reconsideration, hearing, appeal, and the court would be counted as a total of four case actions.

² Figures within the bars represent the actual number of appellate cases, in thousands.

For the sixth consecutive year, the total number of cases entering the appellate process increased, and in 1972 the percentage of cases also increased from the 1971 level.

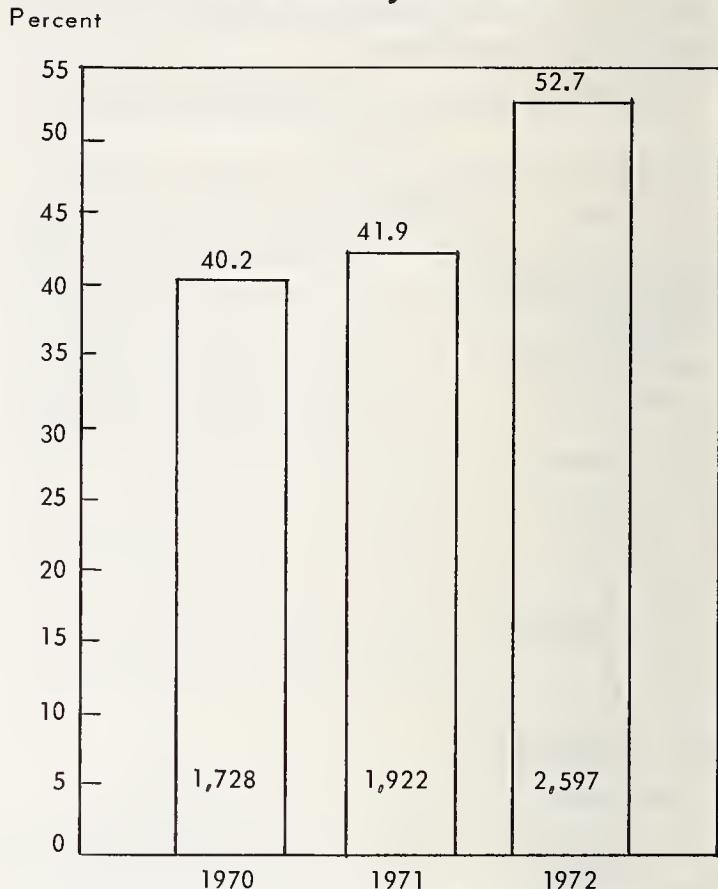
Disability Appellate Allowances by Number and as a Percentage of Total Disability Allowances



¹ Figures within the bars represent the actual numbers, in thousands, of disallowances that became allowances during the appellate process.

Allowances by the disability appellate process have increased over the past six years, both in absolute numbers and as a percentage of all disability allowances.

Man-Years Expended on Disability Appellate Workloads by Number and as a Percentage of Total Disability Man-Years¹



¹ Above figures do not include any time BDOO may have spent on appellate workloads.

5. DO RESPONSIBILITY FOR TECHNICAL DENIALS

BDOO was assigned greater responsibility for processing non-State technical denials in the DO's to free additional BDI manpower resources for BL workload processing. DO personnel now make the determinations and designate appropriate applicant notification letters in two types of technical denials—initial disability claims where the quarters-of-coverage requirement is not met on or after the date disability is alleged to have begun, and initial disabled widows claims where disability is alleged to have begun after a "prescribed period." In 1972, DO's processed approximately 53 percent of an estimated 202,000 non-State disability technical denials.

6. DISABILITY LITIGATION

a. District Court Affirmation Rates

For the second year in a row, DI court experience showed an improvement over preceding years. During 1972, district courts affirmed 83 percent of the Administration's decisions. This high percentage stems from increasing court acceptance of the 1967 amendments clarifying the definition of disability, as well as the initial favorable impact of the 1971 Supreme Court PERALES decision. In that decision it was held that written reports from consultative physicians may constitute "substantial evidence" that will support an adverse decision for disability benefits. The cumulative affirmation rate since the start of the disability program is now 73 percent, up from 71 percent last year.

b. Richardson vs. Wright et.al.

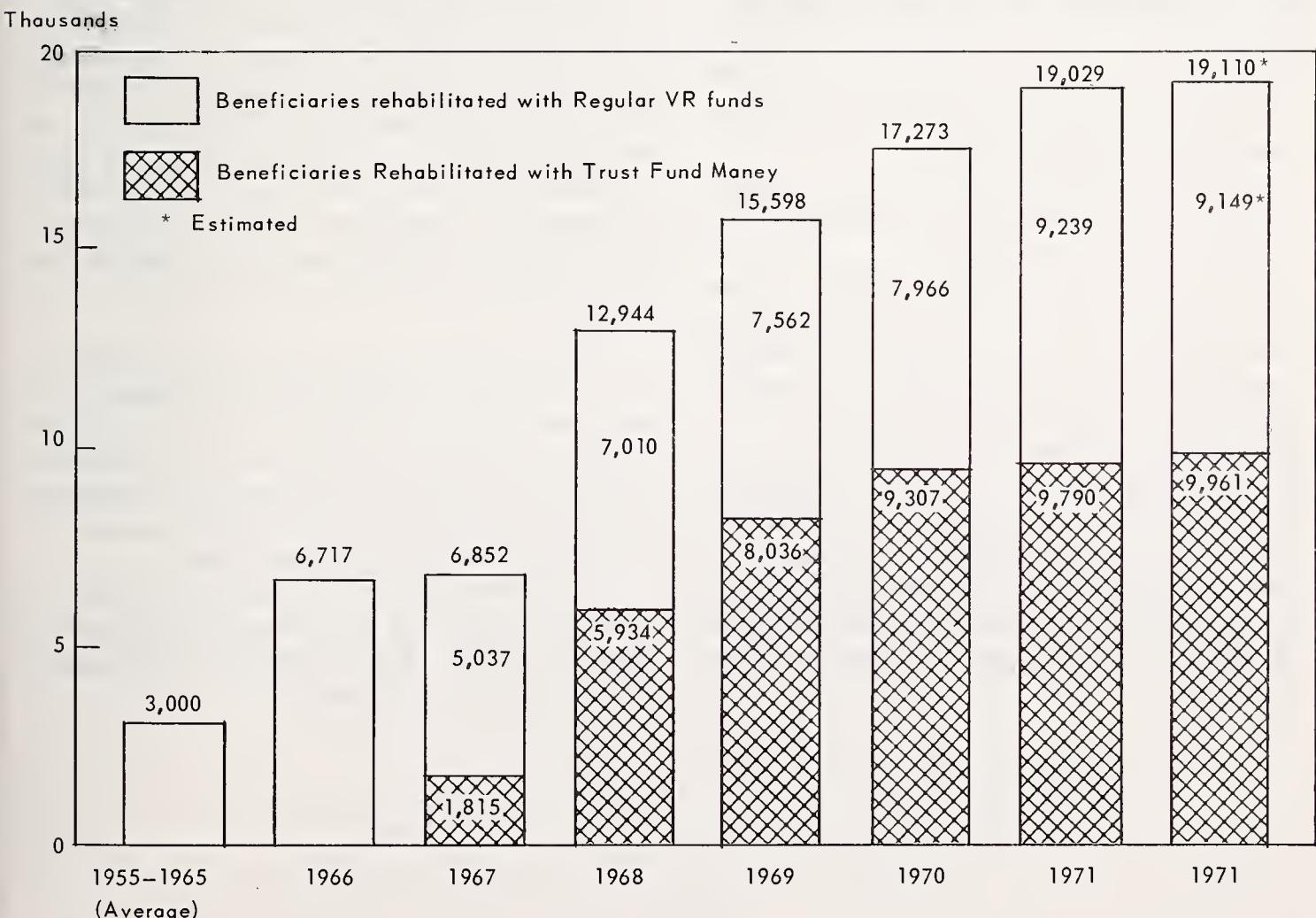
Also for the second year in a row, a DI case was heard by the United States Supreme Court. In a six-to-three decision, the Court vacated a district court injunction, which had prevented SSA from suspending the plaintiff's monthly benefit checks, and remanded the case for rehandling under SSA's new disability benefit suspension and termination procedures. The Court noted that the Department had recently adopted procedures which called for (1) notifying the beneficiary of an intention to terminate his benefits, (2) explaining the general medical or other reasons for doing so, and, (3) affording the beneficiary an opportunity to present rebuttal evidence for consideration before termination was accomplished. The Court observed that in a comprehensive complex administrative program, the administrative process must have a reasonable opportunity to evolve procedures so as to meet needs as they arise. It concluded, therefore, that the appropriate course was to withhold further judicial action, pending a reprocessing of the case under the new procedures.

In disposing of the case on narrow grounds, the majority did not directly confront the issue of whether a face-to-face hearing was necessary to satisfy constitutional "due process" requirements prior to suspending social security benefits. (A face-to-face hearing is now required before welfare benefits can be suspended.) The adoption of such a requirement in the social security program would place a substantial administrative burden on SSA, and would require a restructuring of present SA adjudicative procedures.

7. VOCATIONAL REHABILITATION (VR) PROGRAM

In January 1972, SSA furnished the Senate Finance Committee with a requested comprehensive report on the beneficiary rehabilitation program. The report showed that the number of SSA disability beneficiaries who received rehabilitation services, financed with trust fund money, has increased from 26,455 in 1968, the first year in which the program became operational in all State agencies, to about 43,900 in 1972.

Number of Beneficiary Rehabilitations Financed from the OASDI Trust Fund and Regular VR Funds



¹ Estimated

Only 3,000 persons per year were rehabilitated prior to the 1965 amendments. The number of beneficiaries successfully rehabilitated following those amendments has steadily increased, and in 1972 an estimated total of 19,110 beneficiaries were rehabilitated with trust fund money and regular VR funds. About \$30.4 million of trust fund money was utilized by the State VR agencies in 1972 to provide rehabilitation services to disability beneficiaries. This contrasts with the \$12.7 million available in 1966, the first year of the program.

Prior to the 1965 amendments, the number of social security disability beneficiaries rehabilitated was less than two percent of the total number of persons rehabilitated annually by the State VR agencies. This figure has increased to 6.5 percent of the total number rehabilitated nationally, and was attributable to the attention focused on the rehabilitation of social security disability beneficiaries, as a result of the trust fund program.

8. BLACK LUNG LEGISLATION — 1972

On May 19, 1972, President Nixon signed into law the Black Lung Benefits Act, 1972. This act significantly broadened and liberalized the benefit eligibility provisions of the original Coal Mine Health and Safety Act of 1969. The major changes are:

- extension of benefit eligibility to surface as well as underground coal miners;
- prohibition of denials based solely on negative X-rays (an X-ray which fails to establish the existence of pneumoconiosis);
- provision for an occupational definition of disability for coal miners (a miner is to be considered disabled if pneumoconiosis prevents his working at jobs requiring skills and abilities comparable to those of coal mining);
- extension of eligibility to miners suffering any disabling pulmonary or respiratory impairment, where the miner has had at least 15 years of coal mine work, and to widows of miners disabled by pneumoconiosis at death, though death itself may have been directly attributable to an accident or an acute disease other than pneumoconiosis;

- extension of benefits to orphans, parents, brothers, or sisters, in that order of priority, who were dependent on the miner at death;
- elimination of the treatment of BL benefits as workman's compensation payments requiring the reduction of any disability insurance benefits which are also payable;
- extension of Federal responsibility for all new BL claims for an additional 18 months from December 31, 1972, to June 30, 1973, with provision for Department of Labor responsibility for decisions on claims filed July 1, 1973, to December 31, 1973;
- authorization for DHEW to make grants to establish and operate clinic facilities for miners and ex-miners;
- all BL benefits were converted to a higher amount in January 1972 due to the January 1972 Federal pay raise. This resulted from a provision in the BL law which provides a basic benefit equal to 50 percent of the minimum monthly payment which a disabled Federal employee in Grade GS-2 would receive if entitled to disability benefits.

The bill also required DHEW to advise all applicants, whose claims were denied or pending, that their claims would be automatically re-reviewed under the new provisions, without their having to file a new application. By May 30, 1972, SSA had notified all but a few thousand of the 194,000 claimants that this review would be conducted. Addresses for more than 170,000 of the letters were obtained from SSA central EDP records, and over 15,000 were found through a check of their folders.

The provisions of the bill require BDI to reprocess, under revised evidentiary and evaluation policies, the claims of virtually all of the 175,000 previously-denied BL applicants. It was estimated that more than 100,000 of these will be allowed. In addition, 185,000 new claims are expected in 1973, 151,000 due to the amendments.

It was estimated that the new provisions will require an increase of approximately \$1 billion in Federal payments over the amount payable under the original act in 1973 alone.

HEALTH INSURANCE PROGRAM

Health Insurance Program

↑ Up
↓ Down } **Fiscal Year 1972**
1972 compared to 1971 unless otherwise noted

Claims

Receipts (Millions)

Part A	19.2	↑	7.3%
Part B	54.5	↑	10.0%
Total	73.7	↑	10.0%

End-of-Year Pending (Millions)

Part A .....	.4	↓	4.4%
Part B	2.2	↓	12.3%

Processing Time (Mean Days)

Yearly Average

Part A			
(contractors)	11.6	↓	2.5%
Part B			
(contractors)	20.9	↓	18.4%

Beneficiaries Covered

as of January 1 (Millions)

	1971	1972
Part A	20.6	21.0
Part B	19.7	20.2

Payments during 1972

(Millions)

Part A	\$6,109	↑	12.2%
Part B	\$2,255	↑	10.8%

Providers of Services

—End-of-Year

Part A

Hospitals	6,743
Extended Care Facilities	4,058
Home Health Agencies	2,222
Total	<u>13,023</u>

Part B

Physicians	200,000
Laboratories	2,873

Private Contractors

—End-of-Year

Part A	Blue Cross ... 73
Intermediaries	Other Insurance
	Companies . 9
	Subtotal . <u>82</u>

Part B	Blue Shield 32
Carriers	Other Insurance
	Companies 15
	Subtotal <u>47</u>
	Total <u>129</u>

State Agencies 53

Administrative Costs

Unit Costs Per Claim

Part A

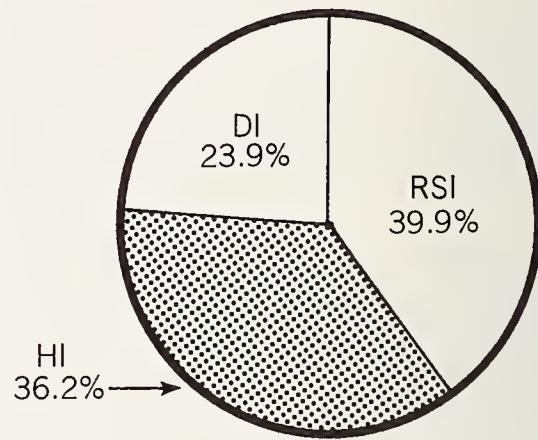
SSA only	\$ 3.98
Intermediary only ..	4.55 ↑ 2.2%

Part B

SSA only	0.47
Carrier only	3.20 ↓ 2.4%

Total Administrative Costs

(Millions)	\$ 414.6	↑ 6.1%
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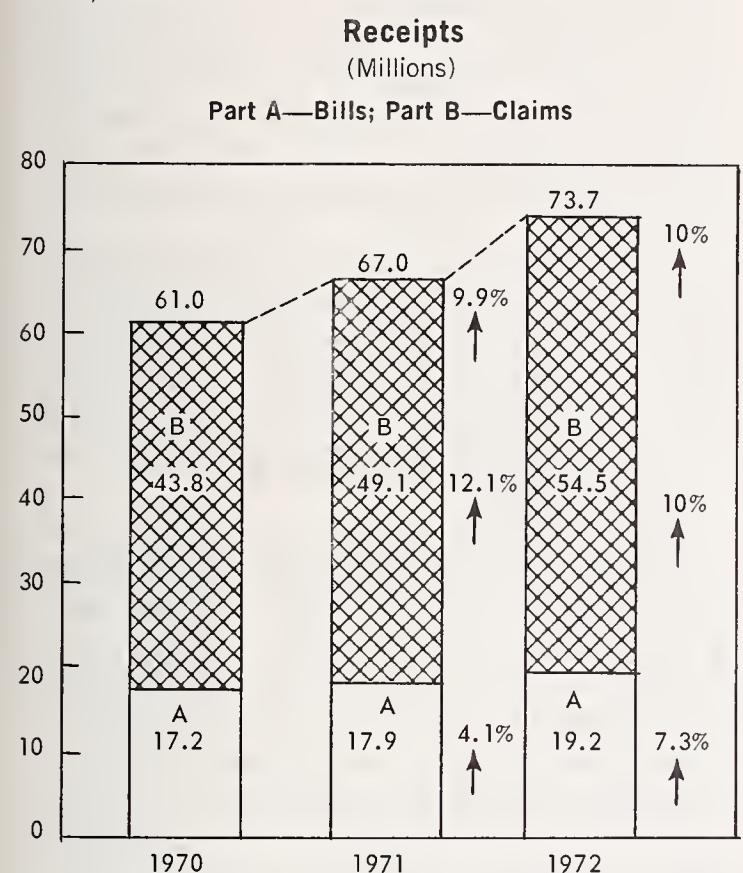


HEALTH INSURANCE PROGRAM

1. PART A AND B WORKLOADS AND PROCESSING TIME

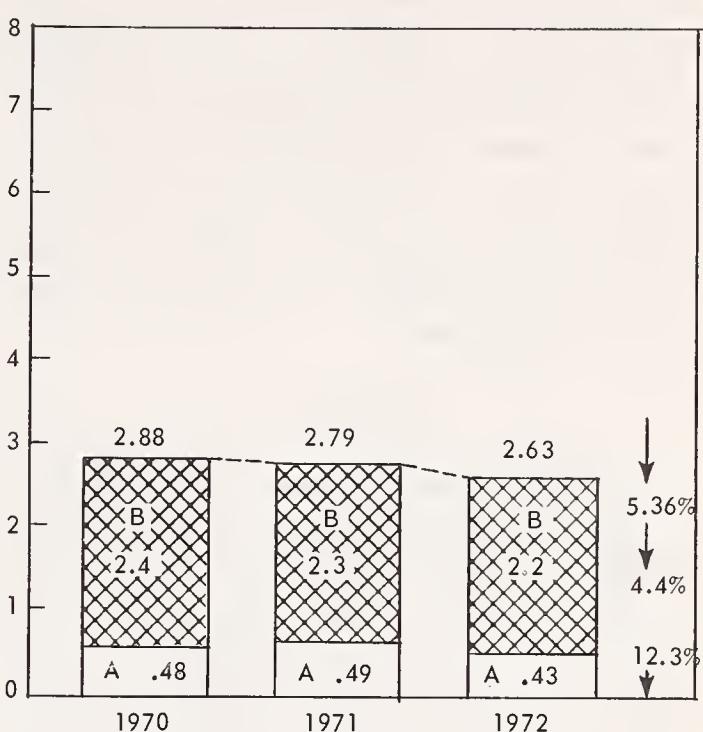
Both Part A bills and Part B claims received in 1972 continued the upward trend of about 10 percent per year established in previous years. Part A bills were up 7.3 percent to 19.2 million and Part B claims were up 10 percent to 54.4 million.

The end-of-year pendings showed an impressive overall decrease of 5.8 percent to 2.63 million. Most impressive was the 12.3 percent decrease in Part A bills pending, down 12.3 percent to 450,000.

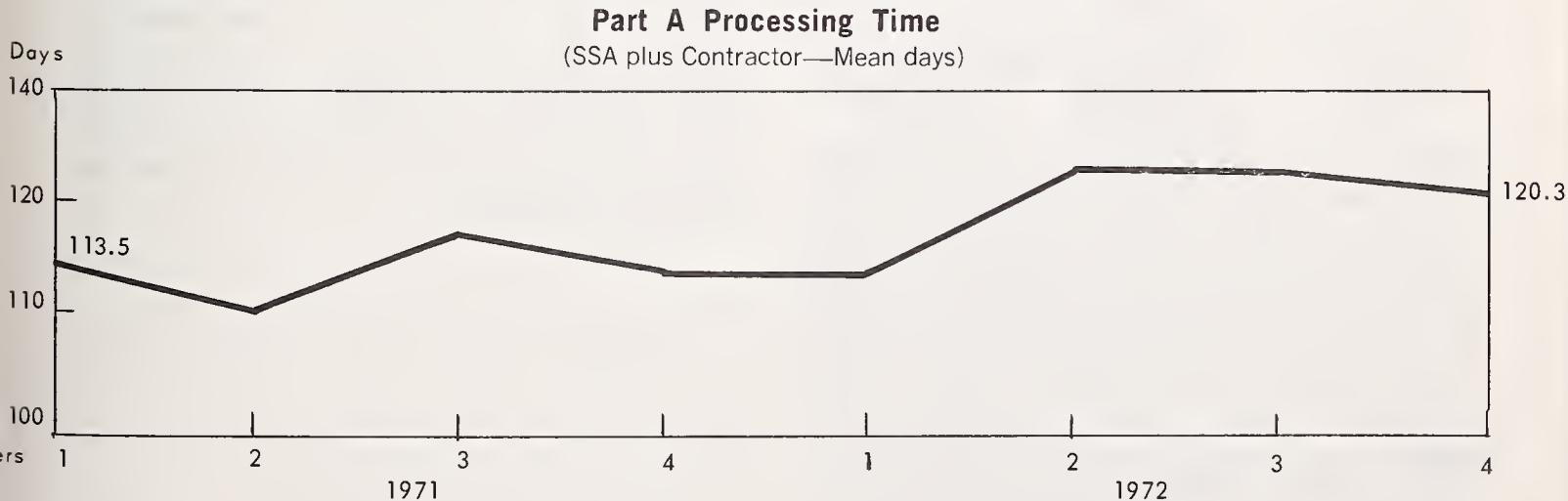


End-of-Year Pendings

(Millions)



In the first quarter of 1972, the mean processing time for Part A Medicare bills, from the date of a beneficiary's discharge by the provider (or date of last service) to date processed in SSA to the utilization tape, was 113.0 days. The time rose to slightly more than 122 days in the second and third quarters, settling to 120.3 days in the last quarter. This time is important in determining continuing eligibility for benefits.



Mean processing time for Part A intermediaries only rose slightly in the first quarter of 1972. The increase was much more noticeable in the second quarter but then levelled off in the third quarter. This was also accompanied by a slight overall rise in the percentage of bills pending over 30 days. These increases were probably the result of greater attention being paid by intermediaries to quality control. By the fourth quarter, however, processing time dropped to 10.3 mean days, somewhat lower than for the comparable period in the preceding year.

Part A

	Contractor Processing Time (Mean days)		Percentage of Bills Pending Over 30 Days	
Quarter	1969	1970	1971	1972
1	13.0	11.4	16.6	15.9
2	11.9	12.7	14.6	17.4
3	12.0	12.1	15.1	16.0
4	10.9	10.3	14.6	15.8
Yearly Average	11.9	11.6	15.2	16.3

Average processing time for SMI bills decreased significantly during 1972, contributing to a parallel reduction in the percentage of aged claims. This overall improvement in the timeliness of processing was largely attributable to the more extensive and effective utilization of automated systems in Part B claims processing by carriers, as well as their increased experience in operating the Medicare program.

Part B

	Contractor Processing Time (Days)	Percentage of Claims Pending Over 30 Days	Accounting Errors ¹ Per 1,000 Records Processed		
Quarter	1971	1972	1971	1972	1971
1	26.1	21.9	28.7	23.4	4
2	23.4	19.4	25.5	18.1	3
3	27.8	22.4	27.2	20.2	4
4	25.0	19.8	23.5	17.4	2
Yearly Average	25.6	20.9	26.2	19.8	4

¹ Errors affecting eligibility or payment information.

2. BENEFICIARY APPEALS

Determinations on Part A beneficiary appeals are the responsibility of the Secretary. At the reconsideration level, the determination is made by examiners in the Reconsideration Branch of BHI. However, an experiment was in progress in which some intermediaries themselves made the reconsideration determination.

Beneficiary appeals under both Part A and Part B have been increasing at a very substantial rate since the inception of Medicare. Although the volume of appeals has risen sharply over the past five years, it has not been possible to stem further increases in pendings.

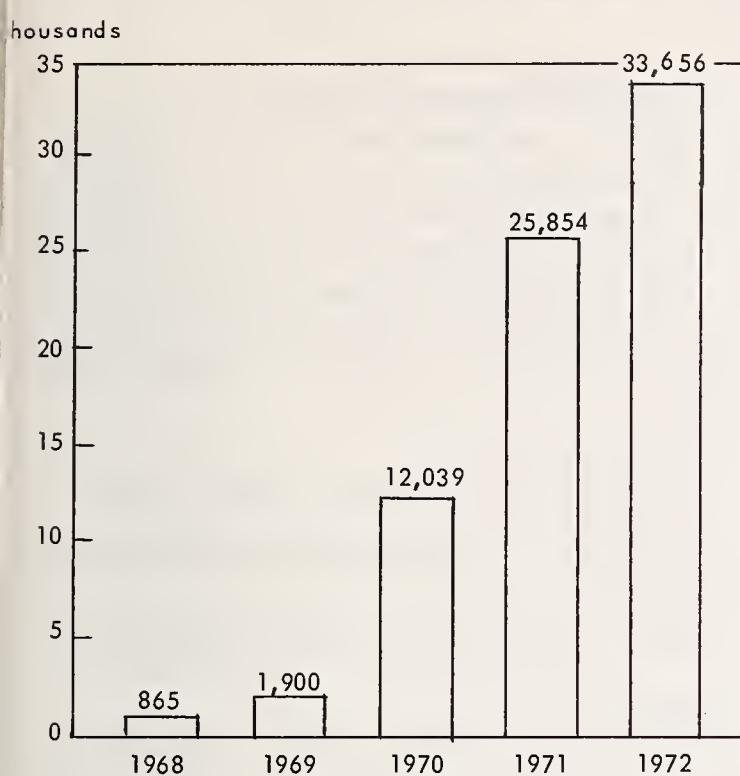
Part A reconsideration requests received during 1972 (through June 2, 1972) numbered 31,156, a 17 percent increase over the 26,624 received during 1971. There were 5,259 Part A reconsiderations pending as of June 2, 1972. The reversal rate was 12 percent for the first three quarters of the year.

Under Part B, request for review receipts through March 1972 numbered 405,908. BHI estimated that review receipts for 1972 will be 556,000, a 32 percent increase over the 422,086 received during 1971. The pendings as of March 31, 1972, were 25,829. The reversal rate was about 50 percent.

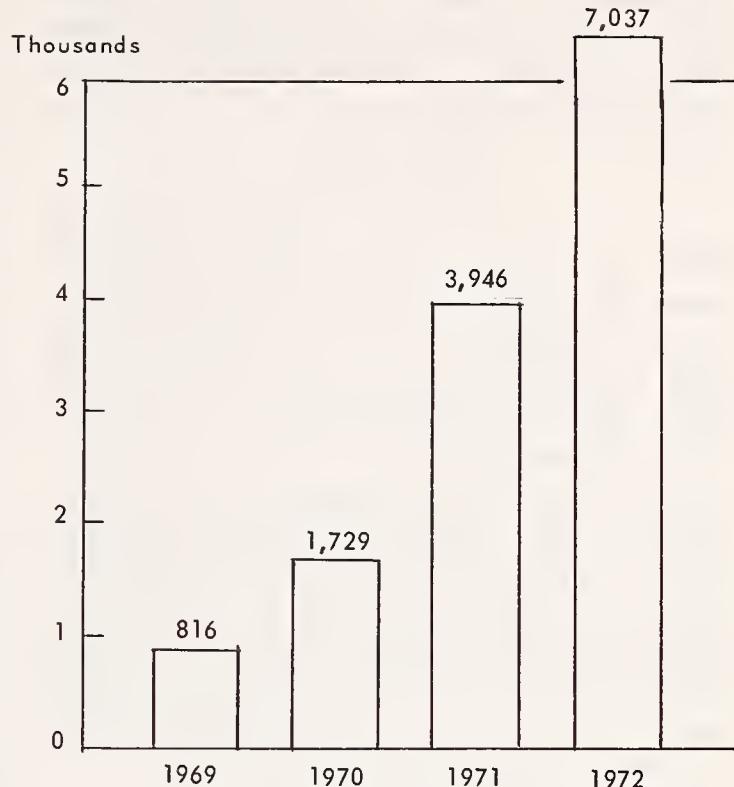
Requests for fair hearings under Part B received through March 1972 increased 15 percent over 1971, to 5,501. Hearing pendings as of March 31 were 3,154. Hearing receipts during the March 1972 quarter were approximately 65 percent higher than for the two prior quarters.

The performance of some carriers in the appeals area was less than satisfactory—both procedural deficiencies and decisions were noted. Emphasis on improved performance was to be directed toward those carriers. In addition, fair hearing activities among carriers were being analyzed periodically and regional conferences for hearing officers were being held. BHI was also placing more emphasis on general improvement in the review process.

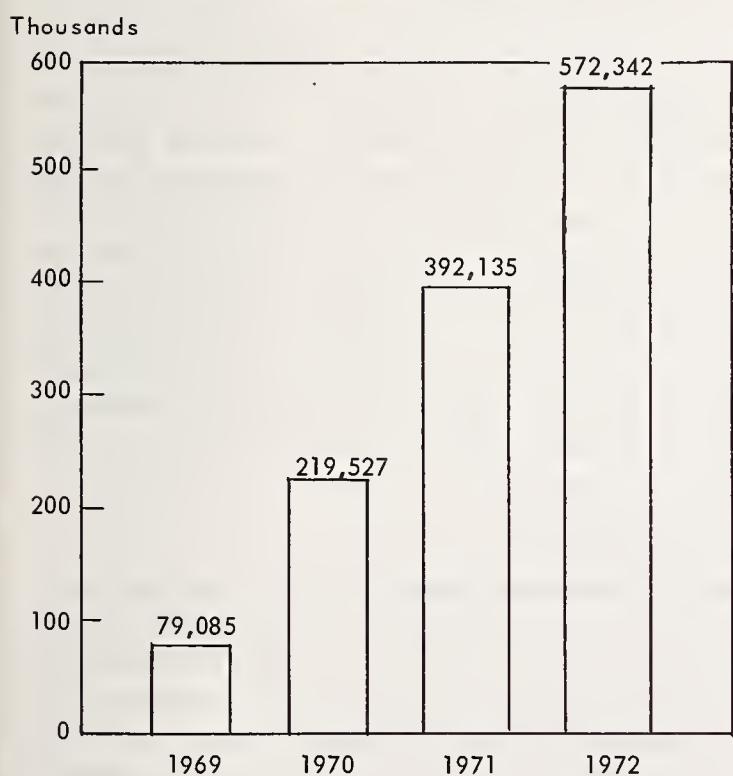
Part A Reconsideration Cases Processed



Part B Hearings Processed



Part B Reviews Processed



3. FRAUD AND ABUSE INVESTIGATIONS

a. Workloads

Even though more cases were cleared during 1972, the pending fraud and abuse workload continued to rise as receipts exceeded clearances. The increased rate of receipts was attributed to: (1) greater experience on the part of DO's and carriers in detection and prevention techniques; (2) publicity regarding SSA's activities through convictions and indictments; and (3) beneficiaries greater familiarity with Medicare provisions and awareness of improper charges.

Receipts

Quarter	1st	2nd	3rd	4th	Total
Fraud	528	721	963	843	3,055
Abuse	883	1,076	1,437	1,477	4,873
Total	1,411	1,797	2,400	2,320	7,928

The pending workload increased from a total of 3,466 cases at the close of 1971, to 4,103 at the end of 1972. These figures represent cases in

various stages of development, ranging from initial allegations of fraud or abuse not yet investigated, to completed cases containing evidence of intent to defraud the program and those pending with United States attorneys.

Clearances

Quarter	1st	2nd	3rd	4th	Total
Fraud	501	679	860	693	2,733
Abuse	861	1,132	1,282	1,010	4,285
Total	1,362	1,811	2,142	1,703	7,018

The number of clearances increased substantially in 1972. A total of 4,615 cases were cleared in 1971, whereas in 1972, 7,018 cases were cleared. Much of this increase was attributed to better trained and experienced staffs in the health insurance regional offices. Also, methods developed in 1971 for handling questionable or fraudulent situations were refined and improved.

During 1972, there were 16 convictions. This was the same number of convictions obtained during the five-year period, July 1966—June 1971. As of June 30, 41 cases were pending with U.S. attorneys. Of this number, indictments or criminal information were filed in 38 cases.

b. Kinds of Violations

Fifty-two percent of all potential fraud cases in 1972 involved allegations of physician billings for services not rendered; 17 percent were providers (hospitals, etc.) billings for services not rendered; and 18 percent involved double billings by a single service—up from 47, 16, and 17 percent, respectively, in 1971.

Assignment violations continued to dominate abuse workloads, increasing from 57 percent in 1971 to 62 percent during 1972.¹

Analysis of these violations disclosed that lack of a complete understanding of the assignment was a common causal factor, compounded by high turnover of clerical help in physicians' offices. In an effort to increase understanding of the assignment agreement among physicians and their billings agents, BHI directed carriers to release explanatory material to their physicians and sup-

¹ These are cases in which the physician agrees to accept Medicare payment as full reimbursement for services rendered and, when the Medicare payment is less than his charges, attempts to collect this difference from the beneficiary.

pliers. Concurrently, RO's were asked to report on the instructional activities of their carriers in this area.

c. Quarterly Program Savings Report

During 1972, BHI continued to compile a report on Quarterly Program Savings resulting from program integrity activities. This report is designed to measure, on a case-by-case basis, the amount overpaid and the amount of overpayment actually recovered. Recovery is accomplished through direct repayment or offset against subsequent valid claims.

Overpayments Recovered During 1972

Quarter Ending	Amount Overpaid	Amount Recovered
September 1971	\$ 718,984.90	\$ 714,910.96
December 1971	1,282,152.72	583,835.14
March 1972	995,841.06	794,136.39
June 1972	1,179,650.41	380,623.95
Total	\$4,176,629.09	\$2,473,506.44

At the end of 1972, a cumulative total of \$6,169,484.21 in overpayments remained outstanding. This compared to a total of \$5,024,178.65 outstanding at the close of 1971. While the amounts determined overpaid during 1972 substantially exceeded the amounts recovered, the cumulative amount outstanding remained relatively unchanged. This stability was due to reductions in the amounts previously reported as overpaid resulting from subsequent peer review decisions, hearing examiner reversals, and deletions from the report due to referrals to GAO for collection.

d. Civil Fraud

Another major undertaking in 1972 was the development of procedures for handling the civil fraud aspects of cases referred to the Department of Justice. These procedures result in a case which is as suitable for prosecution under the False Claims Act (31 U.S.C. 231) as it is for prosecution under the penal provisions of the Social Security Act and the Federal Criminal Code. The documentation used to prove criminal fraud is also used to prove civil fraud. The penalties for civil fraud are

added to any criminal penalties and flow from action instituted usually after the criminal aspects have been disposed of.

The possibility of prosecution under the False Claims Act gives the Government greater leverage in obtaining refunds, as conviction for a violation of that statute results in a forfeiture of \$2,000 per false claim, whether or not the claim was paid. (If it was paid, twice the erroneously-paid amount must also be refunded.) Usually, the total potential forfeiture far exceeds the total amount the Government can readily prove was fraudulently obtained, and thus forms the basis for an equitable negotiated settlement based on an estimate of the total overpayment. This method obviates the reinvestigation of every claim, the cost of which would be literally prohibitive.

4. CONTRACTOR ADMINISTRATIVE COSTS

Administrative costs for Part A intermediaries increased from \$99,869,800 in 1971 to an estimated \$109,800,000 in 1972, an increase of \$9,930,200, or 9.9 percent. These figures included provider audit costs of \$26,989,100 in 1971, and \$29,900,000 in 1972. The \$2.9 million increase in provider audit costs accounted for 29 percent of the increase in administrative costs. The remaining \$7,019,300 of increased costs was attributable to salary and other price increases, a 5.7 percent workload increase, continuing emphasis on quality review, and implementation of new data processing systems.

A milestone was reached in 1972 when instructions for implementing a Common Provider Audit Program between Title V, XVIII, and XIX of the social security law (Maternal and Child Health, Medicare and Medicaid Programs) were published around mid-year. Nineteen agreements have been signed between contractors and State agencies. Those agreements included 14 States: Alabama, Arkansas, Florida, Louisiana, Maine, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Tennessee, Utah, and Wisconsin.

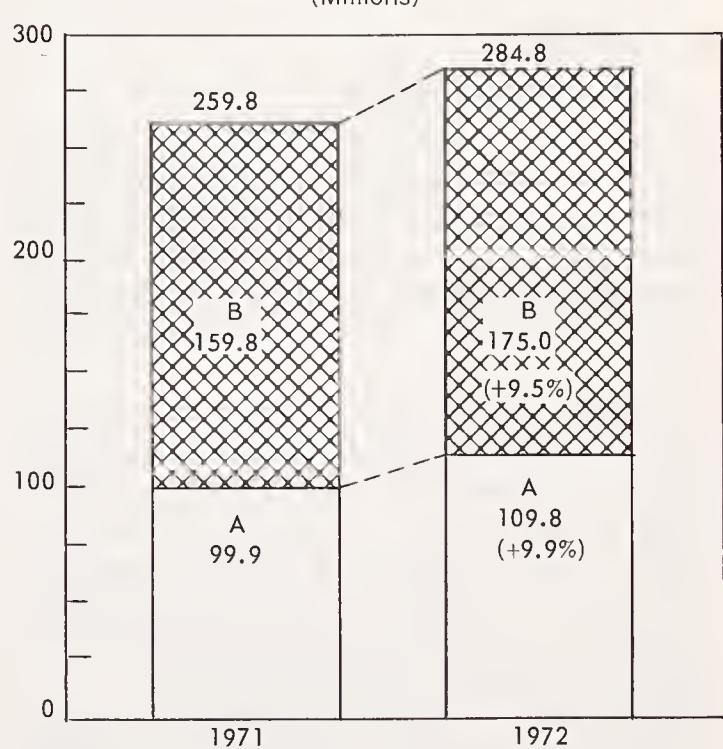
Administrative costs of Part B carriers increased from \$159,890,500 in 1971, to an estimated \$175,100,000 in 1972. This was an increase of \$15,209,500, or 9.5 percent. The cost increase was due to a 10.9 percent increase in workload, salary and other price increases, improving the quality of the bill review process, and

implementation of new processing systems. Some savings resulted from systems changes made in 1971 which enabled carriers to handle increased workloads while maintaining quality bill review. Intensified efforts to improve the quality of bill reviews should generate savings in benefit payment and, therefore, effect overall reductions in total program costs.

When measured as a percentage of benefits, administrative costs for 1972 were quite reasonable. Intermediary costs for administering Part A were 1.82 percent of estimated benefits to be paid, down from the 1971 ratio of 1.85 percent.

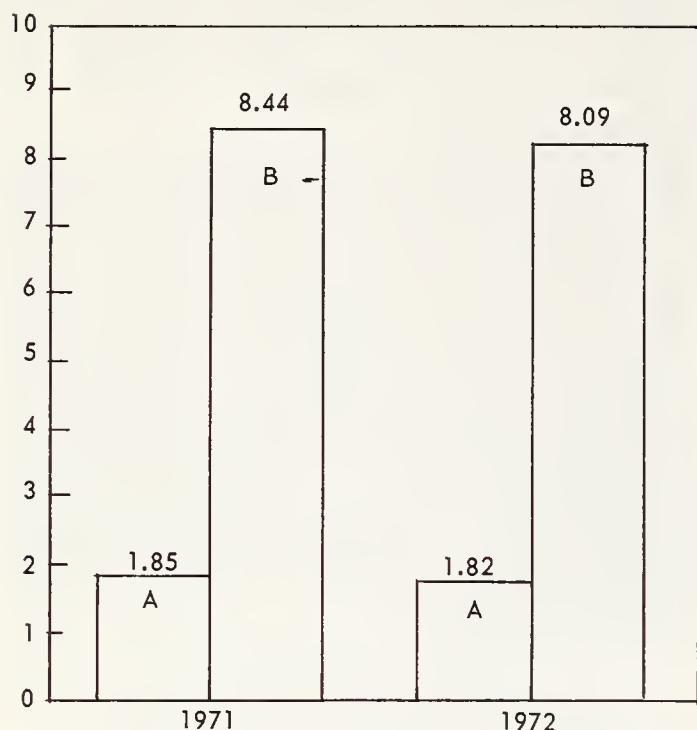
Carrier costs for administering the supplementary medical program in 1972 were 8.09 percent of estimated benefits to be paid, down from the 1971 ratio of 8.44 percent. It has always been anticipated that the ratio of administrative costs to benefit payments for Part B would exceed the ratio of the hospital program because of the large volume of small bills.

**Part A and Part B
Contractor Administrative Costs
(Millions)**



Part A and Part B

Contractor Administrative Costs as a Percentage of Benefit Payments



During the course of the year, BHI also began to explore the feasibility of an amalgamated Part A system which would combine all features required by current potential users of both model systems, and incorporate any additional features unique to independent Part A systems needs, such as the Los Angeles Plan and BHI's Direct Reimbursement activity. An announcement was published in *Commerce Business Daily* soliciting qualified software firms, interested in contracting, to analyze the different systems and to determine the most efficient means of obtaining a single Part A model system.

b. Part B Model System

During the year, the Part B Model System was installed in five additional carrier locations, bringing the total number of users to 16. BHI also successfully installed a multi-State version of the system which allows data for more than one carrier to be processed simultaneously. This opened the possibility of using regional data centers to process claims for several carriers.

During the year, BHI also installed a new module which greatly simplified the bookkeeping required by the system. This Reconciliation Module tracks all overpayments, underpayments, check records, and payment records to allow the carrier to balance his books properly.

c. Improvement in Provider Master File (PMF) Data

Substantial improvement in the accuracy and recency of the data contained in the PMF was achieved through the implementation of a new system for processing and editing the data which is entered into this file. A large number of errors in the data already in the file have been identified and corrected. One important result was that the number of bills in orbit which could not be posted to provider records was reduced from 458,000 to 98,000. The money amounts posted to provider records, as a result of this project, were over \$200,000,000. This improvement in the data content of the PMF greatly increased the usefulness of the Provider Statistical and Reimbursement (PS&R) Report, which is used by providers in the preparation of cost reports, by intermediaries in validating the data used in cost settlements, and by SSA in its program validation operations. The system for producing the PS&R Report was also restructured to improve the accuracy and usefulness of this report.

5. SYSTEMS

a. Part A Model System

BHI continued in 1972 to monitor the development of two model systems for processing Part A claims: one being developed by Blue Cross Association (BCA), for its member plans; and the other being developed by Aetna Life Insurance Society of America, for commercial intermediaries.

In 1972, BCA decided to adopt the regional concept, which provides for adding a multi-plan processing capability to the BCA system. This makes it possible for a number of Blue Cross plans to be tied together in a single EDP processing operation. In conjunction with this new trend of operating, BCA plans to redesign the system for large-scale computer hardware in 1973.

During 1972, the Blue Cross system was in use at eight plan locations, with two of the plans operating on a multi-plan basis. Six other plan locations were in the process of implementing the system, and 23 additional locations were identified for implementation during 1973. The Aetna system became operational at Aetna's Hartford field office on April 3, 1972, and is scheduled for implementation in 17 locations in 1973.

d. List of Beneficiaries Furnished States

The Carrier Alphabetic State Microfilm (CAST) was given to a selected State welfare agency on an experimental basis as an aid in finding correct social security numbers of persons eligible for buy-in coverage. CAST, an alphabetic listing by State of people eligible for Medicare, was de-

signed to help carriers locate missing Medicare numbers on medical bills. This further application of CAST was made available to other States for improving their overall buy-in operations. Requests for CAST were received from 46 of the 49 buy-in States.

Organizational Activities

OFFICE OF PROGRAM EVALUATION AND PLANNING

1. SOCIAL SECURITY LEGISLATION

OPEP's legislative activity in 1972 centered on congressional consideration of the President's recommendations for changes in the social security program and on proposals for modifications thereof. Throughout the year, OPEP staff prepared various reports and background materials for use by Department officials for hearings before the Senate Committee on Finance, both for public and executive sessions of this committee. Legislation under consideration was extremely broad and covered all aspects of the social security program—OASI, DI, and HI. In addition, OPEP responded to various requests for informational and analytical materials from individual members of the Congress regarding numerous proposals for changes in the social security program. At year's end, legislation was enacted providing for a 20 percent across-the-board increase in social security benefits. This legislation also contained the President's proposals for automatic increases in benefit levels as living costs rise in the future, and for automatic increases in the contribution and benefit base as wages rise.

OPEP assisted staff in the Office of the Secretary in preparing materials relating to national health insurance proposals introduced in the 92nd Congress. Primary emphasis was placed on preparing descriptions and analyses of the various proposals, assisting in preparations for congressional hearings on national health insurance, and conducting general research on the myriad of issues involved in consideration of the proposals.

Early in the year, OPEP began extensive research and analysis of issues that may arise in the future as a result of pending legislation. The issue papers examined and analyzed past and future trends in the relationship of benefits to earnings

under the social security program and the relationship of the social security program to the existing and proposed welfare program.

2. ADVISORY COUNCIL ON SOCIAL SECURITY

The 1971 Advisory Council on Social Security concluded its study and issued its reports on March 31, 1971. The Council's recommendations that were not already included in legislation before the Congress were studied and evaluated with a view toward deciding which recommendations should be incorporated in the Administration's legislative program. Among the recommendations considered were those relating to the financing of the social security cash benefits program. The Council recommended certain changes in actuarial assumptions and inclusion in the law of contribution rates sufficient to finance all benefit costs (assuming that benefits are increased as the cost of living increases) and administrative expenses of the program but which would keep the trust funds at a contingency-reserve level—a level approximately equal to one year's expenditures. These recommendations were endorsed by the Administration in the spring of 1972.

Summaries and analyses of each of the disability recommendations made by the Council (but not included in H.R. 1) were sent to the Secretary for the purpose of establishing a position and possible inclusion in future legislation. These recommendations, if enacted, would make the most significant changes in the disability benefit program since its inception. They would: (1) provide a more liberal definition of disability for older handicapped workers, similar to the test now applicable for older blind workers; (2) eliminate the substan-

tial recent work test for all disabled workers, regardless of the cause of disability; (3) make disability benefits payable (after a waiting period) without regard to whether disability will last 12 months; (4) provide benefits for disabled wives and disabled dependent husbands, and unreduced benefits to disabled widows and disabled dependent widowers of any age.

In health insurance, staff work proceeded on recommendations of the Advisory Council concerning extension of Medicare coverage to social security cash disability beneficiaries (included in H.R. 1); elimination of the Part B premium and combining Parts A and B for financing purposes (recommended by the President in several major addresses within the last two years); coverage of prescription drugs (included in the Senate Finance Committee version of H.R. 1); and additional "lifetime reserve" days for inpatient hospital and extended-care facility stays (partially reflected in the House-passed version of H.R. 1).

3. ADULT ASSISTANCE PROGRAM

During 1972, OPEP established an Adult Assistance Work Group to plan the legislation for the adult assistance program for the aged, blind, and disabled included in H.R. 1. Major legislative issues relating to the adult assistance provisions were analyzed and recommendations for changes in the provisions as passed by the House of Representatives were formulated. The Work Group prepared testimony and background materials, drafted legislative language, and analytical and explanatory materials for SSA and Department officials, the Senate Committee on Finance, and individual members of Congress.

4. OTHER SIGNIFICANT ACTIVITIES

OPEP staff also participated in these significant activities:

Health Maintenance Organizations

Analyzed alternative approaches, refined legislative proposals and participated in departmental activities designed to coordinate proposed health maintenance organization (HMO) development and grant subsidy legislation with third-party HMO reimbursement proposals.

Black Lung Program

Assisted in the preparation and review of statutory language and related materials for the Black Lung Benefits Act of 1972, (P.L. 92-303).

Coordination with other Programs

Began a study, requested by the House Ways and Means Committee of the ways in which an acceptable, limited coordination between the social security and civil service retirement programs could be achieved.

White House Conference on Aging

Prepared background papers for the Domestic Council Committee on the Aging that were used in connection with the 1971 White House Conference on Aging and provided staff support for the conference itself.

Social Security Agreements with other Countries

Provided technical research and assistance to the Department in drafting a legislative proposal authorizing international social security agreements.

5. SOCIAL SECURITY BILLS

During 1972, OPEP established and maintained controls on approximately 1,500 bills relating to the social security program and other related programs. OPEP also responded to requests from congressional committees for reports of the Administration's position on 275 bills. In addition, OPEP prepared two volumes of "Listing of Bills Relating to the Social Security Program." These two listings, including bills introduced in the 92nd Congress, contained descriptions of 1,850 bills.

OPEP's Legislative Reference Staff answered over 16 percent more inquiries in 1972 than during 1971.

	1971	1972
Congressional personnel	750	1,200
DHEW	500	475
Other SSA components	1,250	1,400
Other	400	300
Total	2,900	3,375

OFFICE OF RESEARCH AND STATISTICS

1. HEALTH INSURANCE STUDIES

ORS's annual report on national health expenditures found that the Nation's health bill in 1971 reached \$75 billion, up 10.7 percent over the previous year. Even so, this was the lowest percentage gain in such outlays since 1966. A study of medical care price changes since Medicare's enactment underlined the continuing acceleration of such prices during 1971 while price increases for all goods and services were decelerating somewhat. Still another ORS study found the average personal health care outlay for an aged person six times that of a person under age 19.

A summary report on Medicare's first five years revealed that each year about 20 percent of the old people insured under the program have been hospitalized, and that costs for such services account for 86 percent of Medicare benefit payments. While the use of in-hospital services has increased each year, the average hospital stay has shortened slightly.

ORS's production of statistical publications on Medicare increased during the year with the release of two annual summary volumes and eight volumes on provider services. Source books designed to increase understanding about rising health care costs included: *Selected State Data, Fiscal Years 1967-1970*; *Medical Care Costs and Prices: Background Book*, which required a second printing to meet demand; and *Size and Shape of the Medical Care Dollar*, a chartbook which quickly exhausted an initial press run of 90,000 copies. Technical assistance by ORS staff was acknowledged by the House Ways and Means Committee in the publication of the popular chart book, *Basic Facts on The Health Industry*.

2. RETIREMENT AND SURVIVOR STUDIES

Findings through ORS research on the aged were used extensively by participants at the 1971 White House Conference on Aging. Of special importance were insights made possible by ORS's Survey of New Beneficiaries and the 1968 Social Security Survey of the Aged.

These studies underscored the importance of having a pension to supplement social security retirement benefits. On the average, such pensions increase retirement income about 50 percent. ORS studies found, however, that among couples coming on the rolls in recent years, only

1 in 4 have rights to a private pension, 1 in 8 to a second public benefit. Further research revealed that this fortunate minority were also likely to be drawing maximum social security benefits since they were persons who had been highly paid during their working years. They had held skilled or white-collar positions and experienced lengthy tenure in career jobs.

A multi-color chart book, *Resources of People 65 or Over*, based on Survey of the Aged data, received a Federal Editors Association award as "an outstanding government publication" produced in 1971.

Other analyses reported: (1) the living arrangements of the aged (declining proportions share homes with relatives); (2) trends in compulsory retirement (no apparent increase since 1963); (3) work limitations that prompt men to seek early retirement (many had health problems or were without work).

Toward the end of the year ORS staff prepared a special report summarizing the treatment of women under OASDHI for use at an international conference to be held in Vienna in November, 1972.

With regard to student beneficiaries, data developed in 1972 showed that two out of three attend college, one in four is in high school, and the remainder study in technical, vocational and other types of schools.

3. DISABILITY STUDIES

The economic and social consequences of disability were further illuminated by data from ORS's Survey of the Disabled: 1966. A report on the disabled person's work and earnings indicated that of all men who did not work during the survey year, three out of five were disabled. Among part-time workers, half were disabled.

Other ORS studies reported the demographic characteristics of 6,000 adult residents of long-term medical care institutions, the charges for care in such institutions, and the economic resources of the residents.

The Social Security Disability Program: An Evaluation Study, a 297-page in-depth study, was released during the year. Prepared by two Johns Hopkins University scientists, the study measured the effectiveness of the SSA disability program among 1,564 disability applicants drawn from the

applicant population in the Baltimore metropolitan area.

A review of award/denial rates of black lung benefits in three States showed that rate differences among the three States were due primarily to differences in the economic and demographic characteristics of the applicants and the coal mining environment.

Another ORS study reported on persons denied a disability benefit in 1957-1964 and what happened to them over the next five years. Yet another study identified economics of disabled-worker beneficiaries with workmen's compensation offset.

4. ECONOMIC AND LONG-RANGE STUDIES

An economic model developed by ORS continued to be used throughout the year to provide rapid analysis and evaluation of many income-maintenance and income-redistribution proposals advanced during consideration of social security legislation. Using health care cost and utilization data, a second model was under development to facilitate the analysis of various national health insurance proposals. These complex research tools significantly reduce the time required to make detailed economic analyses and evaluations requested by DHEW, the White House, and Congress.

During the year ORS studies documented trends in social welfare expenditures, in income-loss protection against illness, in employee-benefit plans, in private health insurance coverage and costs, and the impact of the social security program on national fiscal and budgetary policy.

An ORS staff paper examined the effects of social security benefits and other public money transfer payments upon the distribution of family income. Social security benefits amounted to more than one-half of the transfer payments.

5. OASDI STATISTICS

To its list of annual statistical reports ORS added: *Earnings Distributions in the United States, 1967*. Based on SSA's Continuous Work History Sample, the volume employed 311 tables presented on 328 pages. In this volume, the first of a new series, earnings for 1967 were set out by age, sex, and race of the worker within the geographic area of employment. Earnings distributions and means were presented for the United States, the regions, divisions and individual States; for the metropoli-

tan and nonmetropolitan sectors within these areas; and for each of the 120 largest standard metropolitan statistical areas in the country. The data represented a fairly complete accounting of earned income in the United States. In presenting an authentic view of income levels in various areas of the country, the new data resource is expected to serve many analytic purposes.

6. INTERNATIONAL STUDIES

An updated edition of *Social Security Programs Throughout the World* was released in 1972. It is a widely used reference presenting summary data on social security programs wherever they exist. Data from 125 independent countries were presented, reflecting the status of social security programs as of January 1971.

Research Report No. 36, *Private Pension Plans in France and West Germany*, examined the private pension movement in those countries, explained the historical relationship between French-German public-private schemes, and plan characteristics.

Other ORS studies of international social security included a review of the size and structure of children's allowance programs in five countries.

7. TECHNICAL ASSISTANCE

ORS's International Staff prepared technical training programs for 538 foreign government officials and other individuals from 70 countries during the year. The programs ranged from a few days to several months. Foreign visitors to SSA were sponsored by the Agency for International Development (AID), their own governments, international organizations, and others.

Working generally under AID auspices, ORS has provided technicians and management personnel for technical assistance missions to developing countries in an effort to assist them in improving the operations of their social security systems.



OFFICE OF ADMINISTRATION

1. FINANCIAL MANAGEMENT

a. Manpower Management

Manpower management in SSA during the year had to be responsive to two overriding factors: (1) the possibility that adult assistance legislation to be administered by SSA would be passed; and (2) President Nixon's measures to reduce Federal employment. SSA remained in a high staffing posture through the first six months of the year; when legislation did not materialize, lower end-of-year ceilings were issued in January. SSA staffing dropped through attrition but not to the levels anticipated. To reconcile the programs to reduce Federal employment (SSA had to reduce by 2,070 jobs) with the need to achieve a staffing posture adequate for possible new program responsibilities, SSA was allowed to institute a redeployment plan proposed by the Commissioner. Personnel were reassigned to activities considered critical to successful implementation of possible new legislation including:

- reducing backlogs to the levels contained in the 1972 appropriation request;
- issuing SSN's to current secondary beneficiaries and some welfare beneficiaries who did not have numbers; and
- staffing full-time groups planned for welfare reform and for proposed changes to the social security program.

During the last several months of the year part-time and temporary employment had to be managed very closely. Again OA had to reconcile the need to reach an acceptable end-of-year staffing posture for these areas while at the same time providing sufficient numbers of these people for PC work and for carrying out the additional work resulting from the Black Lung Act of 1972, enacted May 19, 1972.

b. Money Management

SSA's 1972 appropriation for salaries and expenses was \$1,150.2 million including a \$25 million contingency reserve and a \$15.5 million supplemental appropriation to cover the cost of the Federal pay increase effective January 9, 1972. In addition, SSA received a transfer from the Office of the Secretary of \$1.7 million as its share of funds authorized in the Nursing Home Improvement Supplemental appropriation to DHEW. Thus, the total funds available for salaries and expenses were \$1,151.9 million for 1972.

Because of the redeployment of resources and an increase in workloads over the estimates in the 1972 budget, SSA received approval for use of the full \$25 million contingency reserve. Actual obligations for salaries and expenses were \$1,145.2 million including the use of \$18.4 million of the contingency reserve.

c. Black Lung Program Costs

The 1972 SSA appropriation for "Special Benefits for Disabled Coal Miners" was \$644.2 million which included supplemental funds for 1970 and 1971. Early in the year, OA and OAct determined that this would not be sufficient to cover newly estimated costs of the program, since actual 1971 costs turned out to be \$89.2 million higher than appropriated and 1972 costs would be \$200.5 million higher than appropriated. The increased costs were essentially due to:

- More initial claims than originally estimated.
- Higher percentage of denied claims going to the reconsideration and hearing levels.
- Longer average periods of retroactivity applicable to awarded claims.
- The effect of the January 1971 Federal pay raise which increased benefits by almost 6 percent (benefit amounts are based on the Federal pay schedule).

OA developed a supplemental budget request to cover the estimated deficit of \$289.7 million. On December 15, 1971, the Congress enacted a supplemental appropriation in the amount requested.

2. SYSTEMS

a. Technical Resources

During 1972, OA continued to be deeply involved in a variety of activities to improve SSA's computer capabilities. Working with other SSA components, the Office of the Secretary, GSA, and some vendors, the following equipment was procured during the year:

- New magnetic tape drives, to replace the IBM tape drives used in central office computer operations. The new equipment performs equally as well as the old, but at a \$1.5 million a year saving.
- A second UNIVAC 1108 computer system, to expand BDP's time-sharing computer processing capabilities.
- An IBM 370/165 computer system, to replace two leased IBM 360/65 systems.
- Honeywell key-to-disk equipment for data entry,

to replace many cardpunch machines and streamline operations.

This equipment increased productivity in data entry operations and produced substantial manpower savings. The new key stations and associated control units have been installed in BDP, the six PC's and BDI.

b. Administrative and Management Information Systems

(1) Personnel and Training

In August 1971, DHEW began developing a Terminal Data Collection Service (TDCS) that would collect all personnel and training data throughout the Department in a central data base covering all agencies. OA provided major assistance by modifying the SSA Personnel-Training Data System design, to ensure compatibility, and by providing model specifications to DHEW for use in developing the TDCS. The modifications required have delayed development of the SSA Personnel-Training System.

(2) Automated Correspondence Control and Filing System

In 1971, OPA developed a proposal for an Automated Correspondence Control and Filing System to support the processing of SSA controlled correspondence (i.e., congressional, White House, and other high level Government correspondence). A work group led by OA with representatives from BDI, BHI, and OPA, completed performance specifications, and began writing design specifications for this system. They expect that the system will save approximately \$413,000 annually.

c. Operating Systems

(1) Systems Planning and Control

The SSA Systems Priority Objectives was originally designed to identify systems improvements that would be necessary to implement legislation. During 1972 the system evolved into a permanent method for controlling systems development activity in SSA. It focuses attention on the high priority systems under development, gives SSA components direction in assigning resources, provides management with the means to monitor progress, and establishes the short-range systems goals for SSA.

(2) Interagency Beneficiary Data Exchange

OA coordinated the planning efforts of the Department of Agriculture's Food and Nutrition Service, the Social and Rehabilitation Service, and SSA

components, to enable State welfare agencies to use the SSA-SRS Beneficiary Data Exchange (BENDEX) system to verify the incomes of non-public assistance applicants for food stamps. Extension of the BENDEX system will mean that States can immediately authorize food stamps to presumably eligible social security beneficiaries, whether or not public assistance is involved. The Food Stamp Program's regulations were being re-written to require that BENDEX be used to verify the amount of social security benefits, beginning with the first months of 1972.

(3) Consolidated Post-Entitlement Processing System

OA received approval for a proposal to consolidate and control the various post-entitlement processes in SSA. The basic system relies primarily on EDP systems as the basis for PE actions: folder reference is needed only in the most unusual circumstances. This system will bring many benefits, including increased automated processing of PE notices (about 75 percent of PE notices were being directly processed at the end of 1972) and a reduced hard-copy output required for folder documentation.

(4) Revised Document Retention Schedule

OA led an extensive effort to develop a modernized retention and disposition schedule for source documents (i.e., reports submitted by beneficiaries) covering 14 separate post-entitlement events. Seven recommendations were implemented which revised retention schedules for about 10 million source documents annually handled by SSA. At year's end, remaining schedules, involving about 7.3 million more source documents, were awaiting approval. The new schedules, in addition to reducing staff, space, and equipment required will eliminate the filing of documents in claims folders and the transfer of documents to storage locations.

(5) SSN Enumeration Activities

During 1972, it became apparent that SSA would be greatly involved in enumeration activities during the next few years because of pending welfare reform legislation and because of the increasing use of the SSN as an identifier for non-social security purposes. As a result, OA developed the Master Plan of Social Security Enumeration Activities.

The following enumeration activities were conducted in 1972:

- A pilot study for enumerating SSA secondary

beneficiaries was conducted from December 1971 to January 1972.

- Mass enumeration of SSA secondary beneficiaries age 64 and older began in April 1972, and three million applications were mailed by June 1972.
- A pilot study for enumerating the welfare rolls began in May 1972 for completion early in 1973.
- Planning activities for mass enumeration of the welfare rolls and for conducting an enumeration of school children.

3. ADMINISTRATIVE MANAGEMENT

a. Contingency Policy for Emergency Situations

As part of the overall SSA emergency preparedness program, OA developed a standby contingency policy to protect the rights of the public during emergency situations caused by natural disasters or man-made crises. Under the new policy, due dates will be extended and penalties will be waived when people are unable to comply with reporting in an emergency situation. Under this policy the Commissioner will make one decision to protect the rights of the public rather than a number of individual ad hoc decisions. The policy is limited to those parts of the law and regulations having "good cause" provisions, since they are the only areas for which SSA is authorized to grant extensions. Pertinent statutes and regulations not having "good cause" provisions were being considered by the program bureaus.

b. Long-Range Administrative Planning

OA personnel began an inventory of possible future events that might affect the nature and scope of SSA activities: the expansion of existing programs, enactment of new programs, transfer of programs from other agencies to SSA or vice-versa, technological developments, external socio-economic changes, etc. The inventory will provide an improved basis for long-range administrative planning by highlighting those contingencies that seem most probable and that would most heavily impact on SSA resource requirements—including manpower, systems, equipment, organizational structure, buildings, and finances.

Work also continued in updating and expanding SSA's baseline planning information, with particular attention to data on the manpower, finances, etc., of third-party contractors (including both disability and Medicare State agencies, and the Med-

icare intermediaries and carriers). These contractors have become a major resource in administering the social security programs—one which must be given the same weight in a comprehensive planning effort as SSA internal resources.

c. Coordination of SSA Management Information Activities

In 1972, OA began a formal effort to bring all SSA management information activities under one conceptual umbrella. Development of an SSA-wide management information program was placed under the general leadership of OA and an Inter-component Coordinating Committee. The Committee is composed of senior management information staff representatives from the bureaus and offices and is responsible for determining the current status of management information activities within SSA components and for coordinating the development effort.

d. Organizational Activity

On the basis of a study conducted by OA, an Executive Secretariat was established in the Office of the Commissioner, modeled somewhat along the lines of the successful structure in the Office of the Secretary, DHEW. Basically, the Executive Secretariat will be responsible for coordinating the recommendations of the bureaus and offices before a problem goes to the Commissioner for resolution.

e. Service to the Public

OA chaired an intercomponent study group that was set up in the latter part of 1970 to assess the service being provided to the public. Particular emphasis was placed on serving minority group members, disadvantaged persons, and low income or economically deprived groups. Four major areas of study were identified, with subgroups organized to examine difficult areas. Each segment was examined to identify areas in which people might be inadvertently subjected to discriminatory practices, or areas in which some provision of law, regulation, policy, or practice might be working to disadvantage a particular segment of the population.

The study group published a report of findings and recommendations in 1972 which contained a total of 25 action papers, 5 appendices, and 105 recommendations for all aspects of the SSA programs. Each SSA component was given copies of the report to analyze for those recommendations affecting its areas of responsibility. Some recom-

mendations have already been implemented and others have been initiated, e.g., a proposal to recognize records of the Navajo Census Office for proof of age was adopted.

4. PERSONNEL

a. Decentralization of Personnel Activities

OA initiated steps to implement the Department's plan to improve field personnel management. The plan, effective for SSA regional operations on May 1, 1972, called for increased delegation of personnel administration and management decisions affecting SSA field staff to the DHEW Regional Personnel Offices (RPO's). The RPO's roles were expanded in the areas of recruiting, training, labor relations, employee relations, and in other personnel services.

In April 1972, teams of OA representatives visited each RO to discuss key features of the DHEW plan with SSA regional officials and the DHEW personnel officers. Effective May 1, DHEW delegated to its RPO's authority to appoint most SSA field employees, and authority to classify most SSA field positions and those covered by "standard position descriptions". (This authority does not extend to PC positions.)

b. Assessment Center for Measuring Supervisory Potential

Criteria for selecting SSA supervisors have always emphasized technical competence in non-supervisory jobs, even though it was recognized that the ability to motivate, train, counsel, develop, direct, and discipline employees was essential. With the assistance of the CSC and the cooperation of BDP, OA established an SSA Assessment Center for Measuring Supervisory Potential in Baltimore headquarters in May 1972. All employees participating in the first two BDP supervisory training courses in 1973 will be processed through the Center.

During a two-day period these employees will participate in a number of varied work-related behavioral activities with their performance evaluated by trained assessors. If successful, the Assessment Center approach will be incorporated into the supervisory selection procedure and extended to other areas for employee selection and career development.

c. SSA Alcoholism Program

Public Law 91-616 enacted on December 31, 1970, requires all Federal departments and agencies to establish appropriate prevention, treat-

ment, and rehabilitation programs and services for alcoholism and alcohol abuse among their civilian employees. Although SSA has had an alcoholism counseling program for several years, the scope of the program was expanded to bring it into conformance with the new law and guidelines issued by the CSC.

The expanded SSA Alcoholism Program was officially launched in October 1971 with the presentation of an alcoholism informational program to SSA bureau/office heads, ABD's and division directors. From November 1971 through February 1972, over 12,000 CO employees attended one of 87 film showings and discussions on alcoholism. This was the first time that a program open to all interested employees had ever been undertaken. Also, OA distributed more than 50,000 pieces of literature and gave the subject of alcoholism continued treatment in all in-house media.

In March 1972 the first in a series of in-house training sessions was presented to OA professional staff. Special training on alcoholism was also presented to the new PC counselors.

SSA was cited as being in the forefront of Government agencies in the development of an employee alcoholism program, and received requests for information and assistance from the State Department, Navy Oceanographic, Veterans Administration Hospital, and Department of Agriculture, among others.

d. Training

(1) Program Seminars

OA established two regularly scheduled program seminars and conducted initial sessions under them for SSA personnel. Each quarter a program seminar, dealing with such issues as national health insurance, welfare reform, and financing, is offered to GS-14's and above to assure consistent updating of employee knowledge of major issues currently impacting on SSA programs and activities. An additional quarterly program seminar series is offered to SSA Staff Development Associates, GS-10 through 13. These seminars familiarize the associates with the rationale and program issues which are essential to every job in the Administration.

(2) Upward Mobility College Program

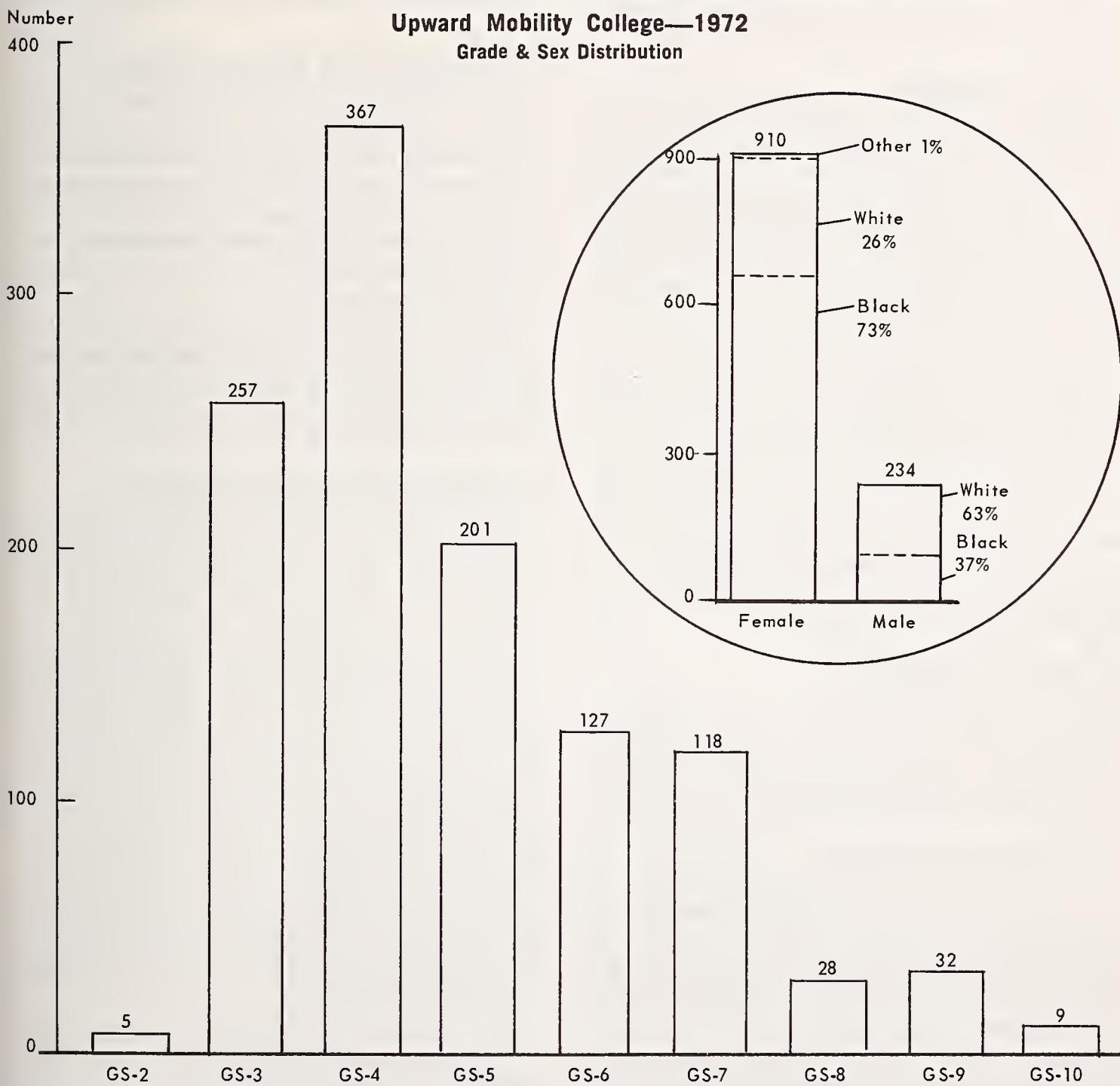
Working closely with all bureaus and offices, OA implemented an Upward Mobility College Program for employees GS-1 through 10 this year in Balti-

more. This program is designed to provide more meaningful opportunities and careers for employees in lower and middle grades by allowing them to attend college courses on regular work time at Government expense. It is a part of the DHEW Upward Mobility Program established on June 7, 1971. In addition to the college program, SSA's staff of counselors was substantially increased to provide better career and educational counseling services to employees.

Classes began on October 12, 1971, with four Baltimore colleges—Catonsville Community College, Community College of Baltimore, Morgan State College, and the University of Maryland—

participating. For the fall term 499 central office employees were selected from among 3,600 applicants. For the spring term 645 central office employees were selected from over 2,700 applications, bringing the total enrollment for the year to 1,144.

During 1973, 1,200 SSA field employees will participate in an expanding nationwide Upward Mobility College Program. In addition, the headquarters college enrollment is expected to increase by approximately 275 employee-students next year. Several additional upward mobility programs will be implemented during 1973.



e. Equal Employment Opportunity

SSA's 1972 numeric goals for women were exceeded at all grades, and satisfactory progress was made in the employment of all minority groups. Based on the 1972 goal-setting experience, OA formulated guidelines providing for a more detailed analysis of problem areas (grade level, type of job, location) as the first step in components' preparation of affirmative action plans. In addition, a new system for monitoring EEO progress was developed, including projections of equitable levels of representation for minority group members and women in specific locations and organizations based on such factors as recruitment sources and the availability of candidates.

f. Labor Relations

OA staff took the lead in negotiating a labor-management agreement with the headquarters union in 1972. Other representatives on the negotiating team were from BDP, BHI and BDI. Since AFGE Local 1923 is probably the largest white-collar union in Federal service, this agreement should set the tone for future SSA, DHEW and other Federal labor-management agreements. Significant provisions dealt with: (1) Grievance and arbitration procedures. Although these procedures are required by the Executive Order, the agreement sets out for the first time details on how employee problems will be handled including a special section on minor disciplinary action. (2) Consultation with management. This section sets out a more formalized approach to union-management communications. (3) Use of official time by union representatives which specifies the amount of time to be used and the limitations thereon.

g. HEALTH SERVICES

(1) Flu Inoculation Program

During the past year, the flu inoculation program was extended free of charge to all SSA employees in the CO, PC's, RO's and DO's. Under this program, 25,000 flu shots were given to employees.

(2) Special Health Programs

OA medical staff set up special health check-ups for over 1,400 persons during 1972. Physical examinations and health-screening programs were given to approximately 700 temporary employees. About 100 Public Service Career employees were given complete physical examinations, the results of which were forwarded to their family physicians. In addition, 600 summer aids assigned to

CO, PC's, RO's, and DO's were offered a physical examination and health-screening test.

(3) PHS Heart Disease Prevention Program

Under OA auspices, the PHS Heart Disease Prevention Clinic (HDPP) conducted a CO research study on the subject of controlling blood fat levels. The study involved 200 employees under age 50 who were selected at random and divided into groups for treatment. As a result of the study it was determined that (1) blood fats can be controlled within a short period of time and (2) the best method of assisting the employee in achieving blood fat control is through the guidance and counseling of physicians at the employee's place of work.

h. Publications for Blind Employees

Beginning with the March 1972 issue, a braille edition of the *OASIS* was distributed to every visually-impaired employee who can read braille. For some time the *Central Office Bulletin* and memoranda to all employees have been reproduced for blind employees at headquarters, and training materials have been prepared for blind service representatives in the field.

OA's Braille Unit in headquarters, with three braille typists, put out 17 public information pamphlets for blind people. This unit also transcribed into print all braille letters SSA received from the public, and sent out the replies in braille.

5. Community Volunteer Program

In January 1972, the Baltimore Community Action Agency presented the SSA volunteers with two citations: one for the work that volunteers had done with inner city youngsters, and the other for outstanding contributions to the community in general. Volunteer highlights in 1972 included: (1) Working with the Supreme Bench of Baltimore, the SSA volunteers instituted a program of counseling juvenile offenders, (2) SSA volunteers who, trained by the Johns Hopkins Drug Abuse Program, began counseling drug addicts, (3) Entertaining 800 inner-city children at a Christmas party at SSA headquarters made possible by contributions from employees, AFGE Local 1923 and the CO Employees Activities Association, and (4) Volunteer Day which was held at SSA in February 1972, with Mrs. Lenore Romney as guest speaker, to honor all volunteers.

Also in 1972, OA's Volunteer Program Coordinator visited various SSA RO's in an effort to encourage the development of regional volunteer

programs. By June 30, SSA volunteers were working in the New York and San Francisco regions, and similar regional programs were planned for Kansas City, Chicago, Atlanta, and Philadelphia.

6. CONTRACT COMPLIANCE

Contractor Employment Data

(As of June 30)

	1968	1969	1970	1971	1972
Total Contractor Employees	300,329	300,273	320,941	308,388	329,699
Percent Minority Employees	9.4%	11.5%	13.4%	14.2%	15.3%
Percent Negro	6.4%	8.0%	9.4%	9.9%	10.4%

Minority employment among contractors reviewed by OA's Insurance Compliance Staff continued its upward trend. For the most part, contractors consist of Medicare fiscal agents and their subcontractors. In 1972, OA broadened its EEO activities to require contractors (1) to set specific goals for increasing representation of women in above-clerical jobs, and (2) to establish more extensive goals for the employment of minorities in all contractor organizational components and at all occupational levels.

In conjunction with BHI contract renegotiations, OA systematically evaluated the Affirmative Action Programs of Medicare contractors, and as a result most of them increased their goals for the utilization of minorities and women.

7. OPERATIONS RESEARCH

OA completed a study of wage discrepancy investigations in 1972 and recommended a new tolerance level of \$250. Currently, if a wage earner contacts SSA and alleges a discrepancy of less than \$100 in his annual wages, as reported by his employer, BDP does not investigate the allegation, nor is the wage earner's account credited with the alleged amount. The new tolerance level proposal was developed through comparison of the expected average payout of benefits with the average cost incurred by SSA for investigating the discrepancy amount. On the average the expected payout surpasses the cost of investigation when the discrepant amount goes over \$250. The proposed change is expected to reduce manpower requirements and thereby cut operating costs.

Two studies were conducted on disability cases to try to define, first, the effect of claimant characteristics and legal representation on the DI hearing reversal rate and, second, why the number of appeals on these cases has risen precipitously. In the first study, data were collected directly from the claims process. This study documented reversal variations among regions and HE's, and the apparent effects on the reversal rate attributable to legal representation and different claimant characteristics. In the second study, the data showed that initial DI claims receipts increased about 50 percent from calendar year 1967 to 1971, while requests for hearings on denied claims rose over 100 percent. OA staff used a statistical model of the appeals process to mathematically follow cases through the process, i.e., rather than follow specific cases through the actual process, a mathematical model projected the flow of cases through the appeals stages using known factors such as processing time and counts of monthly receipts and determinations. Based on the data collected, half of the rise in the hearing requests was attributed to the increase in initial applications, about one-fourth to an increase in the initial denial rate, and about one-fourth to an increase in the appeals rate to the hearing. (The latter indicated that the number of cases going to appeal would have risen somewhat even if the initial receipts and initial denial rates had remained constant.)

Estimates of Key Rates in the DIB Appeals Process (Worker and Child Determinations Only)

Cases Filed During:	Initial Receipts	Initial Denial Rate	Recon Appeal Rate	Recon Denial Rate	Hearing Appeal Rate	Hearing Reversal Rate
January 1967	50,000	47%	24%	64%	46%	45%
January 1971	75,000	57%	25%	64%	55%	49%

8. FACILITIES

a. Construction

(1) Central Office (CO)

Construction began in 1972 on 260,000 additional square feet of leased space adjacent to the existing Dickinson Building for delivery in January 1973, and on 40,000 square feet of leased space in the Dogwood East Building for delivery in November 1972. Construction proceeded on schedule for a new 150,000 square feet West Building

located adjacent to the Administration Building, and delivery was scheduled for March 1973. Authority was obtained from OMB to begin preliminary design action on 1,200,000 square feet of additional space on undeveloped land located east of the existing CO complex. Target date for delivery was 1976.

(2) Field

Congressional approval was obtained, GSA advertised for bids, and several responsive bids were received during 1972 to provide a site and construct a leased PC in Birmingham, Alabama, to specifications established by OA. GSA will evaluate the bids and an award will be made and construction begun during 1973 with delivery targeted for 1974. OA submitted recommendations for site selection for the Philadelphia, Chicago, and San Francisco PC's with decision on these sites to be made in 1973.

Substantial progress was made in 1972 on the DO construction program: 17 offices were constructed and occupied, construction began on 17 offices, and design of 10 offices was started. Of the 139 DO's authorized for construction, 51 were occupied as of June 30. Two sites were cancelled and 21 additional ones were in some phase of construction. OA deferred action on the remaining 65 offices pending an OMB decision on whether lease-purchase construction or direct Federal construction action should be taken.

b. Printing

During 1972 further progress was made in reducing the volume of priority printing requests and consequent premium printing charges.

	1969	1970	1971	1972
GPO jobs processed	992	969	733	723
No. processed on priority	155	90	54	16
% processed on priority	15.6%	9.3%	7.4%	2.2%
GPO total cost (thousands)	\$2,179	\$1,933	\$1,802	\$1,743
Cost of GPO Priority work (thousands)	\$728	\$614	\$474	\$237
Cost of priority work as percent of total	33.4%	31.8%	26.3%	13.6%

OA's printing management progress in reducing costs by minimizing the number of printing jobs requiring GPO priority (surcharge) treatment, was directly attributed to:

- Improved capability of the OA print shop to meet low volume emergency printing needs within short deadlines.
- More effective forecasting of printing requirements by the bureaus and offices.
- Improved criteria for determining the most effective printing production resource to use for various printing requirements. (Resources are GPO, commercial, and OA print shop.)
- Expansion of commercial contract resources. The shift in handling priority work was reflected in the greater number of jobs handled within OA and by local Baltimore printing firms.

	OA Shop		GPO Shops		Commercial Shops	
	Jobs	Units ¹ (millions)	Jobs	Units (millions)	Jobs	Units (millions)
1969	11,312	151	992	1,624	1,482	732
1970	10,964	164	969	1,268	1,728	1,088
1971	12,108	192	733	1,244	2,025	1,483
1972	12,164	156	723	960	2,393	1,394

¹ A printing unit is one sheet 8" x 10½", one side only, one color.

c. Reprographic Management

During 1972, photocopy management was centralized under OA for all of SSA. Significant cost reductions and/or improvements in photocopy activities were realized through:

- Quantity pricing on equipment by concentrating on fewer models with each vendor.
- Standardization of copier paper and other supplies to take advantage of volume discounts.
- Negotiating with Dennison Corporation on copy machines and associated supply item costs for the entire Federal Government. SSA is the largest single Government account with Dennison; thus, GSA gave OA this authority.
- Developing an automated photocopy usage and billing system, to be implemented in the first quarter of 1973.

d. Safety

Under the Executive Order resulting from the Williams-Steiger Occupational Safety and Health Act, OA realigned its accident and fire reporting system, and published appropriate reporting instructions.

Accidents dropped 9.3 percent despite an increase in total SSA employee population. While cost to repair federally-owned property damage in

accidents went down by 35 percent, tort claim payments increased by 43 percent. Moreover, the cost of work-related Bureau of Employee Compensation (B.E.C.) claims increased 51 percent. The higher B.E.C. cost can be attributed, in large part, to higher salary levels and a more liberal application of payment criteria for claimants. For example, before 1971, SSA paid no "hearing loss" claims, yet in 1971 SSA paid several such claims totalling over \$30,000.

	Calendar Year	
	1970	1971
Accidental occurrences	2,952	2,678
Fatalities	2	1
Motor vehicle accidents	130	174
Gov't motor vehicle accidents	54	72
Damage to Federal property	\$17,000	\$11,000
Reported fires	2	6
Visiting public injuries at SSA facilities	112	112
Tort claims payments	\$18,600	\$26,600
Employee compensation claim costs	\$104,000	\$157,000

OFFICE OF THE ASSISTANT COMMISSIONER, FIELD

1. AGED, BLIND, DISABLED ASSISTANCE PLANNING

To establish a mechanism for participation in SSA's information-gathering and planning activities in preparation for possible administration of the Aged, Blind, Disabled Assistance Program, the RC's appointed Regional Coordinators who, with two exceptions, were the Assistant Regional Commissioners. These coordinators worked with various regional staff members to coordinate plans for the new program with State and local agencies, so that groundwork would be done when H.R. 1 was enacted.

2. SERVICE TO THE SPANISH SPEAKING

The RC's for the Dallas and San Francisco Regions established special committees to insure that Spanish-speaking people receive whatever help they need. During the year, the committees focused on a wide variety of problems, including coverage for household workers and migrants. Each committee developed several policy papers for consideration by appropriate headquarters components.

The special committee in the Dallas Region was called on to render assistance at the National Migrant Workers hearings held in Mercedes, Texas, in November 1971. Employees represented SSA in workshops, explaining the concerns of SSA with respect to service to the migrant, and also served as resource people on social security questions.

3. DISASTERS

RC's activated the SSA Disaster Procedures on seven separate occasions during 1972. Disaster procedures may be invoked whenever any occurrences cause significant hardships, casualties, or loss of life which affect many current or potential beneficiaries. Under these procedures, SSA does everything possible to assist people in filing claims and to see that the claims are processed on a priority basis.

- The RC, Seattle, activated the disaster procedure after an airplane crash in Juneau, Alaska, September 4, 1971. The Juneau DO coordinated claims-handling for the entire Alaskan area and provided proof of death assistance for other survivor claims.
- On December 13, 1971, an explosion in an aqueduct tunnel at Port Huron, Michigan, resulted

in the death of 21 people causing the RC, Chicago, to invoke emergency procedures.

- On February 29, 1972, the RC, Philadelphia, activated the procedures after a flash flood in Logan and Mingo Counties, West Virginia. With the loss of five post offices, special handling of checks for approximately 700 beneficiaries was required, in addition to handling the claims for survivors of the flood.
- A plane crashed at Albany, New York, on March 7, 1972, causing the RC, New York, to activate the disaster procedures.
- The Sunshine Mine Disaster, Kellogg, Idaho, in which 91 miners lost their lives was so serious that the RC, Seattle, activated the disaster procedures on May 3, 1972, and the Spokane DM was called upon to provide assistance.
- Heavy rains caused a flash flood in Rapid City, South Dakota, on June 10, 1972. The RC, Denver, later reported that over 200 persons were confirmed dead, 850 reported missing, 1,800 injured, and 900 homes destroyed.
- While Hurricane Agnes brought considerable amounts of rain to parts of three regions during June 1972, only Elmira and Corning, New York suffered damage severe enough to impose the disaster procedure.

4. REGIONAL HOUSING PROGRAM

The RC's spearheaded efforts to improve the SSA housing program in the field, the basic goal of which is to assure that all regional employees have assistance in dealing with any housing problems they may encounter. RC staff established contacts with numerous government, civic, and community organizations to develop better housing opportunities for all employees. Housing coordinators in each region began educating employees on fair housing laws and the housing services available to them. Each has established a procedure for handling housing referrals and discrimination complaints.

5. REGIONAL COMMUNICATIONS ACADEMY

The Chicago RC proposed the establishment of a Regional Communications Academy to train personnel whose duties include public affairs activities. The proposal was jointly endorsed by OA, OPA, BDOO, and a pilot training course was being developed by the Chicago CSC. The Academy will

sponsor several courses aimed at specific areas of public information or public affairs, such as news writing, effective speechmaking, etc.

6. COMMUNITY PLANNING

OACF was extensively involved with the 1971 White House Conference on Aging. RC staff served on task forces and committees which developed and reviewed resource papers and other materials, organized and participated in State conferences, and followed up on conference recommendations which have implications for SSA.

In accordance with the President's Directive to establish an information center in each social security office to help explain Federal programs which aid the elderly, OACF became involved in planning and initiating activities to improve and extend SSA's information and referral service.

OACF staff worked with the ACTION agency to design and initiate several experimental programs in which ACTION volunteers perform a number of activities in DO's and their service areas. These include:

1. Visiting social security beneficiaries with special needs, particularly those in nursing homes and other institutions.
2. Acting as information and referral aides.
3. Working with non-English speaking groups.
4. In heavy retirement areas—particularly in planned retirement communities—assisting social security beneficiaries complete change of address, work, and other post-entitlement notices.

7. REGIONALIZATION OF PERSONNEL FUNCTIONS

On December 31, 1971, the Secretary issued a memorandum effecting the decentralization of a number of personnel administration authorities to regional offices. For SSA operations, the personnel administration authority of the Regional Directors (RD's) became operative on May 1, 1972.

Recognizing that certain personnel management functions are the responsibility of the operating agencies, the Department lifted its hold on SSA's plan to establish regional training officers on the staffs of the RC's. At year's end the RC's had selected their training officers, and were working closely with the RD's and the Regional Personnel Officers.

8. PROGRAM EVALUATION

OACF emphasized regional program evaluation activity in 1972. Several regional projects were designed to study groups of people who are eligible but do not receive benefits. The Seattle region conducted a study involving people receiving Aid to the Permanently and Totally Disabled (APTD). The study showed that about 10 percent of all APTD recipients were eligible, but were not receiving social security benefits. BDI was asked to take the lead in developing a plan to deal with this problem on a national basis. The Atlanta region also conducted a study concerning patients in mental institutions. The study showed that the present screening process of potential beneficiaries in institutions should be improved and that there is a need:

- for a short form application to protect an individual's benefit and appeal rights (Normally, a formal application has to be filed to set up a control and to protect a person's right to benefits.);
- to develop *uniform* procedures for soliciting applications in long term institutions; and
- to devise a public information program to inform people of patient's rights under social security.

A Program Evaluation Council was established in each region. This high level group, composed of senior level executives and chaired by the RC, was organized to improve all aspects of the evaluation activities in the region.

Program evaluation staff also broadened their span of activity to gain a greater perspective of regional operations. They became active participants in the Personnel Management Evaluation Program conducted by OA throughout the field, began participating with BDOO and program bureau staff in the revised program for review of DO operations, and developed a system of analysis incorporating statistical data and narrative reports to provide the RC's with status reports on regional performance. Specialized training in subjects directly related to program evaluation was conducted on a national basis.

OFFICE OF PUBLIC AFFAIRS

1. MATERIAL FOR SELECTED AUDIENCES

a. The Disadvantaged

Getting basic social security information to the disadvantaged—blacks in the inner city, the Spanish-speaking, the rural poor, both black and white—has long been a challenge. OPA developed a variety of new materials this year to broaden channels of communication to these diverse communities across the country.



(1) Spanish Audience

A Spanish language writer joined OPA staff, thus greatly increasing OPA's capability to reach the 9 to 10 million Spanish-speaking people in the U.S. Twenty-three leaflets were printed in Spanish, including five not previously available. Bilingual revisions of two booklets were prepared responding to the demand—particularly from the West Coast—for materials in both Spanish and English. OPA began distribution of a Spanish-edition of the Monthly Information Package (MIP), which includes draft releases, radio spots, and other materials particularly relevant to the Spanish-speaking audience. The Spanish MIP was ordered by 241 DO's in 31 States and Puerto Rico. The Tito Puente Show, a series of five-minute radio shows in Spanish featuring the music of the Tito Puente orchestra, with an introduction by the popular band leader and social security messages delivered by Carlos Montalban, was produced during the year with distribution to begin early in 1973.

**social
security
presents**

nipsey russell comedy time

a new series of five-minute radio shows featuring the classic comedy routines of flip wilson, bill cosby, carol burnett, betty white, philippe d'herbe, shelly berman, george carlin, and many others.



(2) Black Audience

OPA had in production a new series of five-minute radio shows, the Nipsey Russell Comedy Time. Nipsey Russell serves as host, delivers the social security message, and introduces routines recorded by Bill Cosby, Flip Wilson, and other comedians. Distribution will also begin early in 1973. DO's will be asked to make a special effort to place the series with black-oriented stations, but OPA anticipates broad use by general audience stations as well.



(3) "Country" Audience

Arrangements were completed in June for another new radio series, the Johnny Cash Show. To start,

Cash will do 13 shows recording social security messages to be combined with his own past record hits. The agreement with Cash ended OPA's search for a suitable replacement for the popular Eddie Arnold series as a good channel to the rural audience.

b. The Labor and Senior Citizens Press

OPA's Social Security Repro-News and Features were being mailed to 181 national or international unions and all four major national senior citizens organizations. Portions of Repro-News were published in 101 national or international union publications and in four national senior citizen organization publications. The 1972 circulation of union and senior citizen publications (using SSA news items) exceeded 135,000,000. This represented a sharp increase over July 1971, when 79 national and international unions and three national senior citizen organizations were reprinting SSA news items in publications having a circulation of 95,000,000. In addition, OPA's Repro-News items were also appearing regularly or intermittently in the publications of 60 central labor bodies throughout the country having a total annual circulation of 10,000,000. About 65 local unions utilize SSA news items in their publications, regularly or intermittently, with a total annual circulation of about 4,500,000.

c. The New Social Security Card

As a part of SSA's overall effort to modernize its system for establishing and maintaining new social security records, OPA prepared a new design for the social security card and its informational holder. BDP assisted in developing the physical dimensions to insure that the card and holder would be compatible with the new computerized system, and George Nelson and Associates collaborated on design. Initial use of the new card began in March 1972 when BDP began partial central issuance of SSN's.

d. Project FIND Leaflet

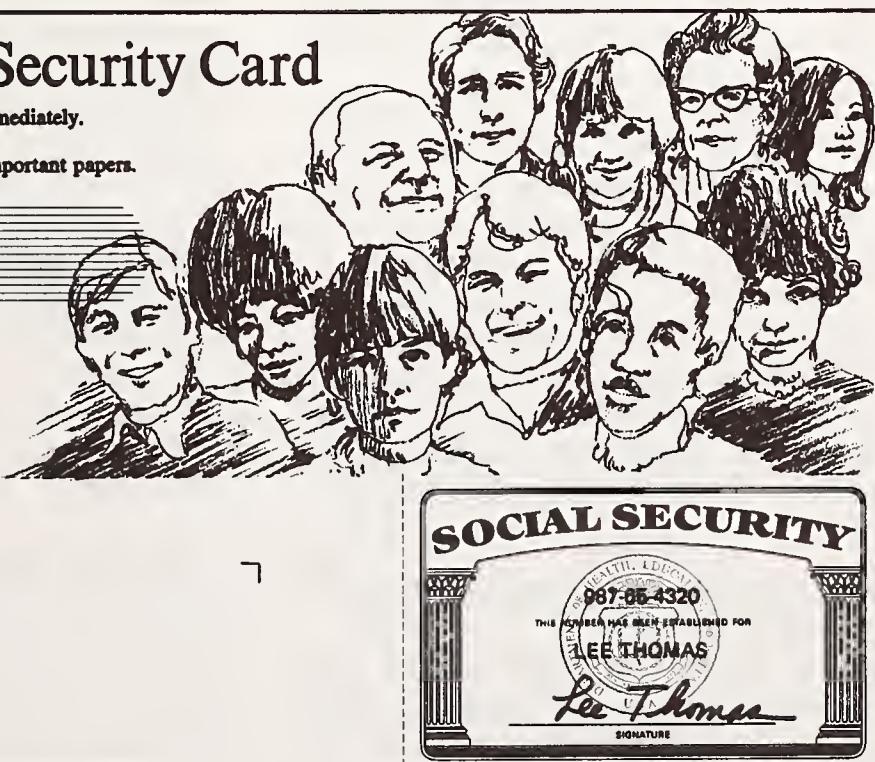
Announced by the President in his March 23, 1972, Special Message on Aging, Project FIND was a major outreach campaign designed to inform older Americans about the food stamp and food distribution programs administered by the Department of Agriculture. Because SSA has the facilities to reach a large number of people via direct mail, OPA produced an informational leaflet to be mailed out with social security benefit checks. The leaflet, titled "Project FIND," explained food programs and enclosed a return card. Distribution was to be made when the Department of Treasury mailed out the leaflet and card with the August 3, 1972, social security checks. The American Red Cross agreed to handle the contact work resulting from the returned cards.

Your Social Security Card

Detach your card and sign it immediately.
Carry it in your purse or wallet.
Keep this part with your other important papers.

987-65-4320
LEE THOMAS

LEE THOMAS
ANYWHERE
U.S.A.



2. PUBLIC AFFAIRS PLANNING TOOLS FOR DO's

OPA contracted with a national public relations counseling firm to assist, with BDOO help, in developing a public affairs planning device for DM's. This device will help DM's direct and review the work of their field representatives in this area, and will allow them to make the most efficient use of the time they spend on public information work. The overall objective is to assure that the right message gets to the right person at the right time.

3. HEADQUARTERS VISITORS TOURS

Tourists	1970	1971	1972
Foreign Visitors	197	213	298
SSA Employees	1,362	1,629	1,663
General Public	2,351	3,188	2,165
Students	4,873	5,032	4,889
Total	8,783	10,062	9,015
No. of Tours	614	595	529

Tour guides, recruited from all SSA components in the CO and working under OPA guidance, have conducted over 100,000 visitors around SSA headquarters since it opened in 1960. Tours are tailored to the particular interests of individual groups and their level of understanding. For many of the visiting groups, OPA presents a program supplementing their basic tour, e.g., for student groups there are discussions of Federal Civil Service jobs and job opportunities, including those with SSA.

In 1972 OPA began a major revision of the tour program. As a part of the revision two special movies were being developed. One of the movies, "Welcome to Social Security," gives the visitor a broad view of the purpose and activities of SSA's "city" of 18,000 persons. The second film, "Mr. Social Security in Your Town," shows how a social security field representative is able—regardless of geographic location—to "push the right buttons" to start up a huge system that will deliver the right social security check to the right person at the right time.

4. NEW PLANNING AND EVALUATION CAPABILITIES

In its research and development activities, OPA continued to seek means for clarifying public communications goals, ranking those goals in im-

portance, considering different ways to reach those goals, and calculating the costs of each alternative. OPA made a large-scale readability study of five existing or proposed publications: "Your Social Security" (the basic SSA pamphlet), the Annual Report of Earnings, the Student Beneficiary Report and two prototype leaflets to be used for the adult assistance program. Based on its research, OPA recommended content, style, and format changes in all these publications. The research will also help in rewriting other publications. Moreover, this type of reader research will be applied to all major SSA publications.

OPA also developed a proposal for SSA to undertake a comprehensive continuous assessment of beneficiary attitudes toward SSA's operations and service. The beneficiary assessment will, for the first time, give SSA components a statistical, objective reading on the quality of its service to the public, as seen by the public.

5. CORRESPONDENCE WRITING WORKSHOPS

OPA estimated that various SSA components send more than 64 million communications each year to individuals—and that the volume is increasing. Since direct correspondence constitutes one of SSA's largest ongoing public contacts, OPA has been analyzing ways it can help SSA components make their written communications clearer and more responsive. In 1972 one step in this direction was the beginning of a major overhaul of "Sam'l and the 4 S's" (a basic training course given to all persons who prepare correspondence to the public). For help in this, OPA contracted with a group of specialists, some of whom participated in the development of "Sesame Street," and others who are experts in adult education and job motivation.

OPA also developed a number of prototype formats for the most common form letters that SSA issues. These prototypes combine new language, new organization of material and new graphic design. Again, OPA stress was on making the material as convenient and understandable as possible for the reader.

6. PUBLIC AFFAIRS TRAINING

OPA agreed to underwrite the development of a pilot public affairs training program that is being developed by the CSC to cover training of regional personnel in public affairs concepts; interpersonal communications skills and theory; basic verbal

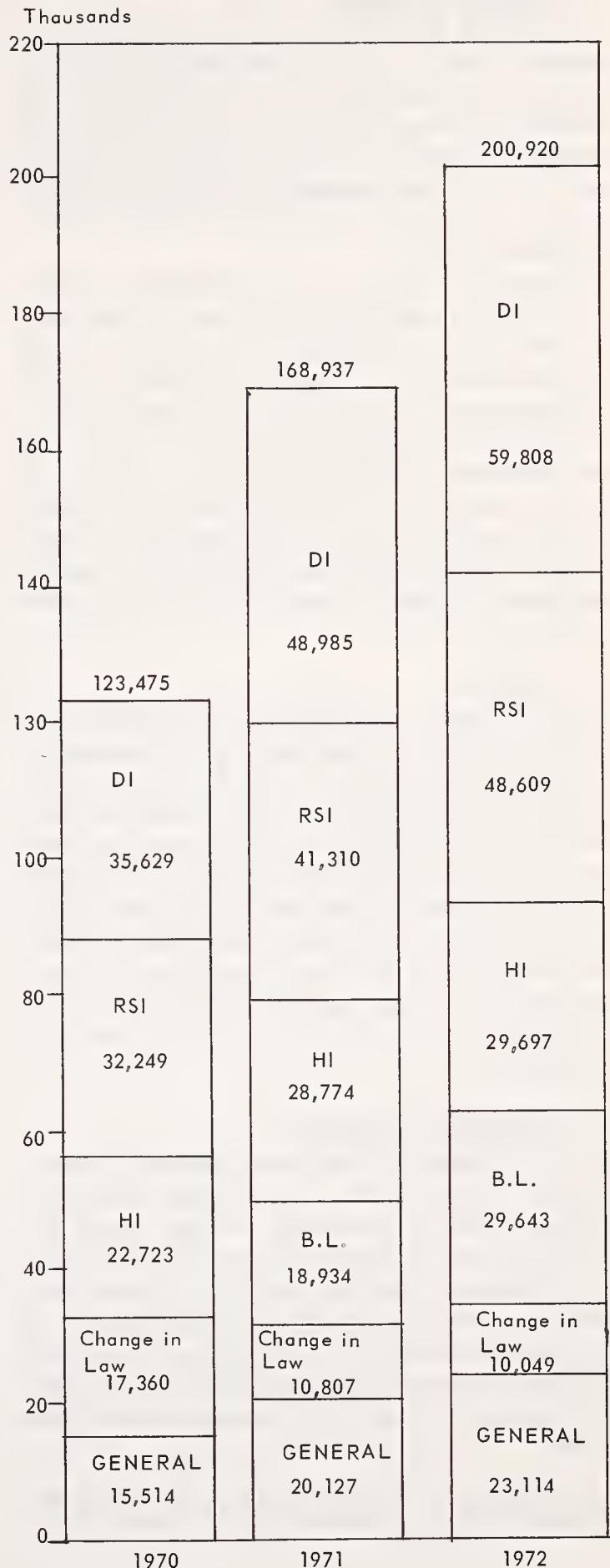
skills; skills in writing for publication; radio presentation skills; and TV presentation skills. OPA will also include a training unit on visual communications techniques. This involves training in a technique, already developed, that will help field personnel to put together more easily and effectively all visual communications—from a contact station sign to posters or a special wall-size display. The new technique does not train anybody in the principles of "aesthetics". It makes use of verbal and organizational skills that personnel already possess. This entire package should be developed and tested in 1973.

7. CONGRESSIONAL AND OTHER HIGH PRIORITY INQUIRIES

Priority inquiries in 1972 (not including follow-ups) reached a new high of 200,920—a 19 percent increase over 1971's receipts of 168,937. Congressional inquiries accounted for about 63 percent of total receipts—up from 60 percent last year. Telephone inquiries increased almost 14 percent to 46,583. Receipts ran higher the last six months of the year, bringing the weekly average for the year to 4,142 items compared to last year's weekly average of 3,525. The high receipts necessitated continuation of "shortcut" methods (started in 1971) for processing high priority items. Even with the use of shortcuts and overtime, the pending workload at the end of 1972 was 31,161 items, an increase of slightly over 5 percent.

Again this year, in both the DI and RSI programs, the largest group of inquiries involved the status of claims—over 42,000 DI and 29,000 RSI. Overall, BL inquiries showed the sharpest increase, over 56 percent. Of the 29,000 BL inquiries received, 91 percent were congressionals. In the HI program area, over 9,800 inquiries regarding Part A and Part B appeals were received; 5,600 of these inquiries were congressionals.

Receipts of Congressional and Other High-Priority Inquiries of Interest



ADULT ASSISTANCE PLANNING OFFICE¹

1. INTRODUCTION

Amendments to the Social Security Act as proposed in H.R. 1 include a new proposed Title XX, Assistance for the Aged, Blind, and Disabled, to establish a Federal program to provide financial assistance to needy individuals who have attained age 65 or are blind or disabled. Primary responsibility for administering this part of the Act will be delegated to SSA.

Studies on planning for administration of the new program were first carried out by high level ad hoc study groups prior to passage of the amendments by the House of Representatives. With passage by the House, SSA decided to establish formal organizations to carry out policy and administrative planning. On July 1, 1971, the Adult Assistance Task Force and the Program Policy Planning Staff were established. In January 1972, an Adult Assistance Planning Office was established composed of personnel from the earlier task force and staff.

2. POLICY

Over 130 basic policy issues were identified and policy positions developed setting the parameters of the Title XX program. This was done under the direction of the Deputy Under Secretary for Welfare Reform (DUSWR), and all benchmarks were met. This process assured: conformity of Title XX and XXI program policies where appropriate; input of all interested and affected organizational entities within SSA, DHEW, and Department of Labor; concurrence of these parties on basic issues and justification for deviation in policy and procedural foundations.

3. PROGRAM REVIEW

Plans for program review were designed to measure the overall health of an ongoing assistance program. Quality assurance reviews were designed to obtain scientific samples of claims activity to determine agency and client errors and effectiveness of application and intake policies. It is planned that the program integrity function will be dispersed regionally to act promptly upon complaints and discoveries of program abuse and fraud.

4. OPERATIONS

Highly concentrated efforts were made to obtain data from the States on current welfare programs to permit SSA to convert State rolls to Federal rolls by the effective date of the new program, and eliminate any potential adverse impact of the new program on welfare recipients. The data already gathered has been compiled and analyzed to develop plans for enumeration and conversion operations, policy planning, and legislative evaluation. Model agreements were developed to cover variations in Federal/State relationships in implementing the proposed provisions of H.R. 1 and to cover actions, responsibilities, and fiscal requirements by the Federal and State governments in carrying out conversion of State records of assistance recipients to Federal rolls.

Specifications were also drafted for model-enabling legislation to give States the legal basis to undertake all the actions required under H.R. 1. Policies, procedures, and manuals to provide a system of funding the conversion process were being developed for Federal administration of supplemental fiscal provisions.

5. SYSTEMS

Overall planning for systems and processes to implement Title XX of H.R. 1 was directed at developing specifications and operating policies and procedures that will be necessary to implement and maintain a central office and field operating system. A basic approach for converting welfare recipients on State rolls to the new Federal payment system has been determined. Payment systems of 21 States were analyzed in detail and case-conversion plans, describing the procedures to be used, were prepared for these States.

The requirements for initial application forms and related documentation needed to establish eligibility for assistance to individuals who are aged, blind, or disabled, as defined in Title XX were identified. A basic application form was designed and reviewed by the DUSWR Policy Resolution Committee. Processing forms, authorization responsibilities, personnel involvement, control, communications, data processing methods, and other administrative functions relating to the initial claims

¹ The name was changed in August 1972 to the Aged, Blind, and Disabled Assistance (ABDA) Planning Office.

process were broadly outlined. Detailed definitions of DO processes were being developed and coordinated with BDOO. Similar and related functions pertaining to disability determinations and processing routines were being worked out with BDI and other SSA components.

6. ADMINISTRATION

A basic planning assumption was that administration of the new program would be carried out by a new SSA bureau. The Planning Office was set up to precede the bureau. Tentative functional and organizational elements for a new bureau were developed. In addition, regional cadre positions were established and were awaiting completion of personnel selections for the establishment of interim regional organizations.

BUREAU OF DISTRICT OFFICE OPERATIONS

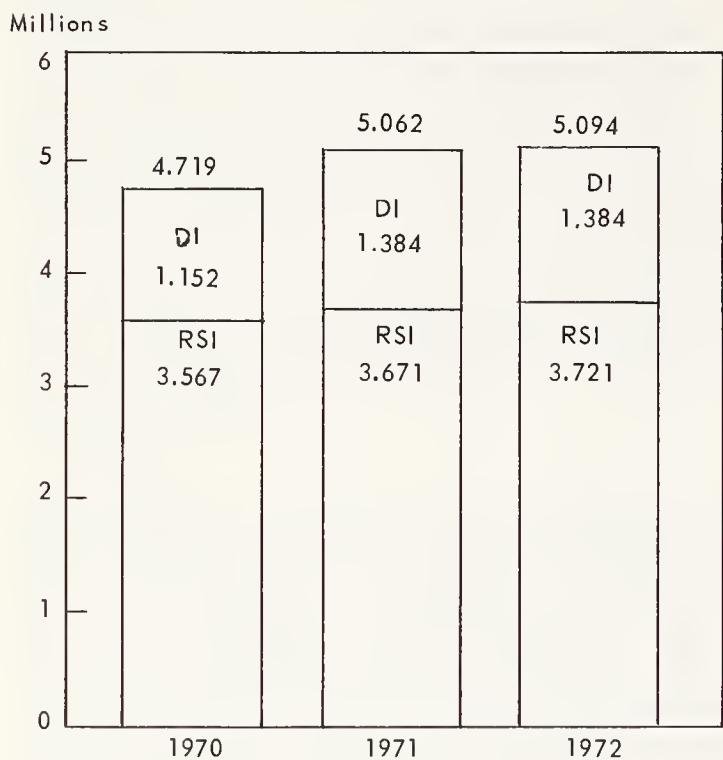
1. WORKLOADS

a. General

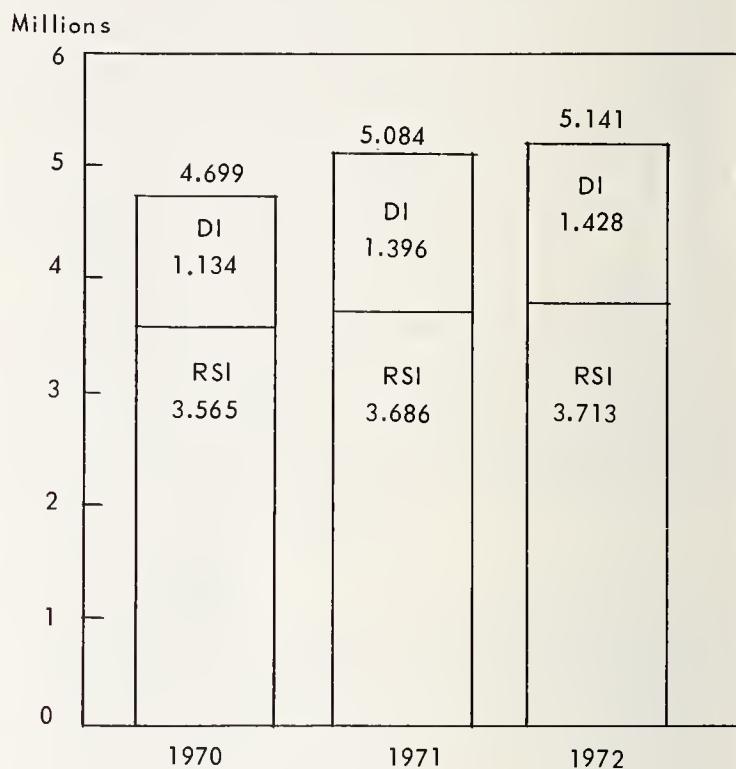
Retirement, survivors, and disability insurance claims received and cleared in 1972 approximated 1971 figures. However, end-of-year pendings for 1972 were 22 percent below those for the previous year. The primary reason for improvement

was special attention directed toward processing major workloads in anticipation of new legislation. The biggest reduction in pendings was in the disability area, due mainly to changes in procedures which allowed DO's to clear these claims faster than in past years.

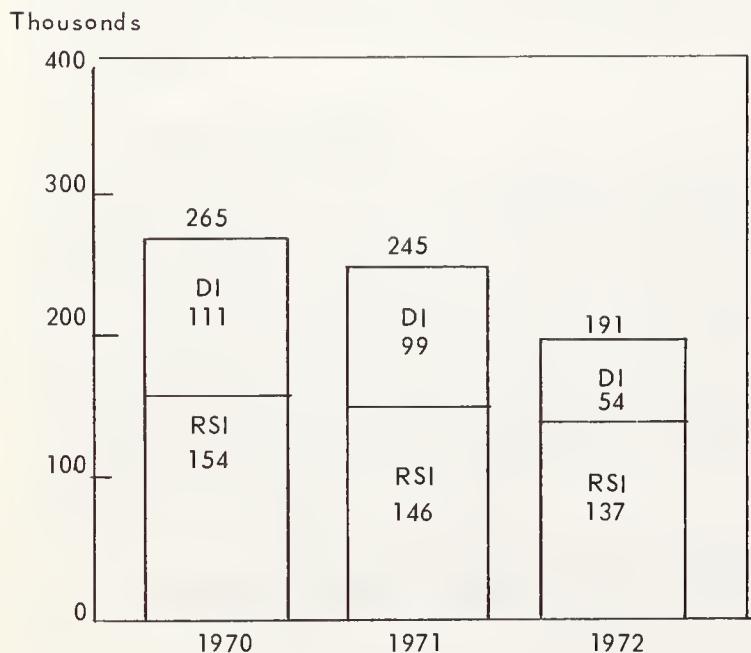
RSDI Claims Receipts



RSDI Claims Clearances



**RSDI End-of-Year Pending
(Thousands)**

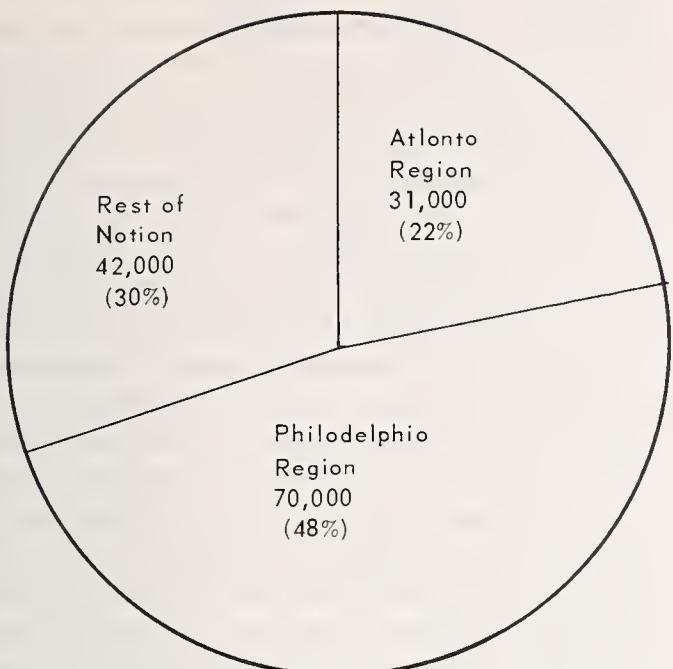


b. Black Lung

Half as many BL claims were received in 1972 as in 1971. Over two-thirds of them were handled by only two regions. As a result of amendments enacted in May 1972, 194,000 previously denied claims required another review and/or redevelopment in 1973. DO's are to be significantly involved in this process. This was in addition to 11,000 claims resulting from the 1972 amendments, which were pending in the DO's at the end of 1972 awaiting policy determinations and processing instructions.

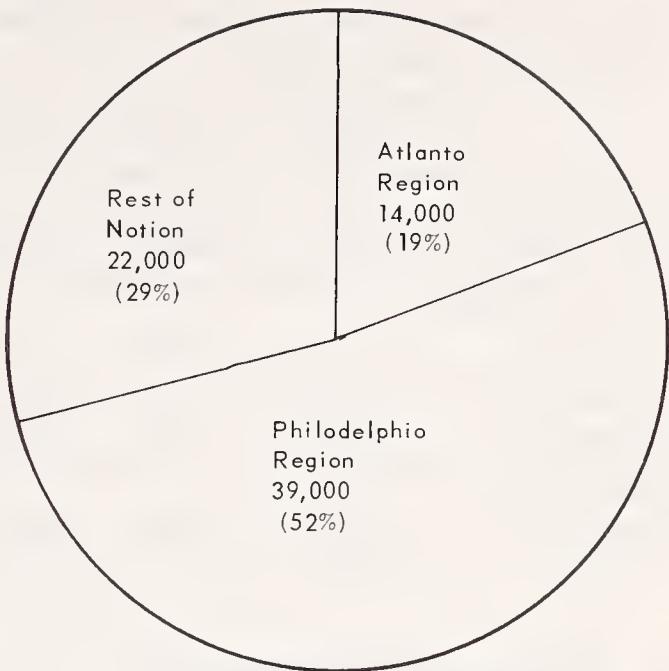
Black Lung Claims Receipts

1971



Total received 143,000

1972



Total received 75,000

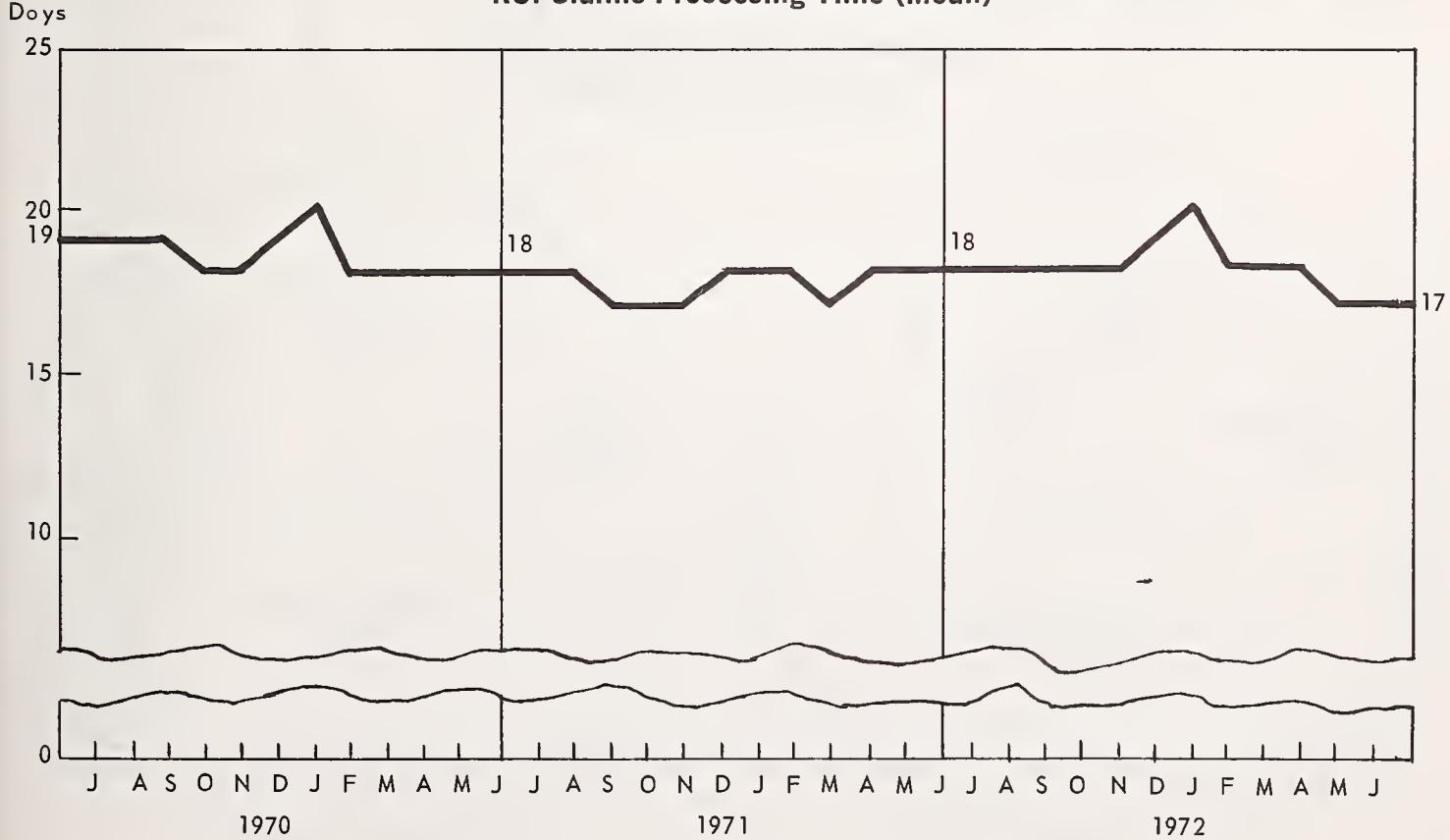
2. DO RSI ACCURACY AND PROCESSING TIME

a. Processing Time

DO mean processing time for RSI claims averaged

18 days for most of the year, although by the end of 1972 it had dropped to 17 days.

RSI Claims Processing Time (Mean)



b. Accuracy of All Cases Entering PC's

Overall accuracy of claims improved somewhat in 1972 with the percentage of deficiency-free cases increasing by almost 2 percent.

	1970	1971	1972
Actual Payment Deficiencies	3.4%	3.2%	3.1%
Potential Payment Deficiencies	1.3%	1.4%	2.5%
Development Deficiencies	9.5%	7.4%	4.6%
Cases Free of Deficiencies	85.8%	88.0%	89.9%

3. DO FINAL AUTHORIZATION

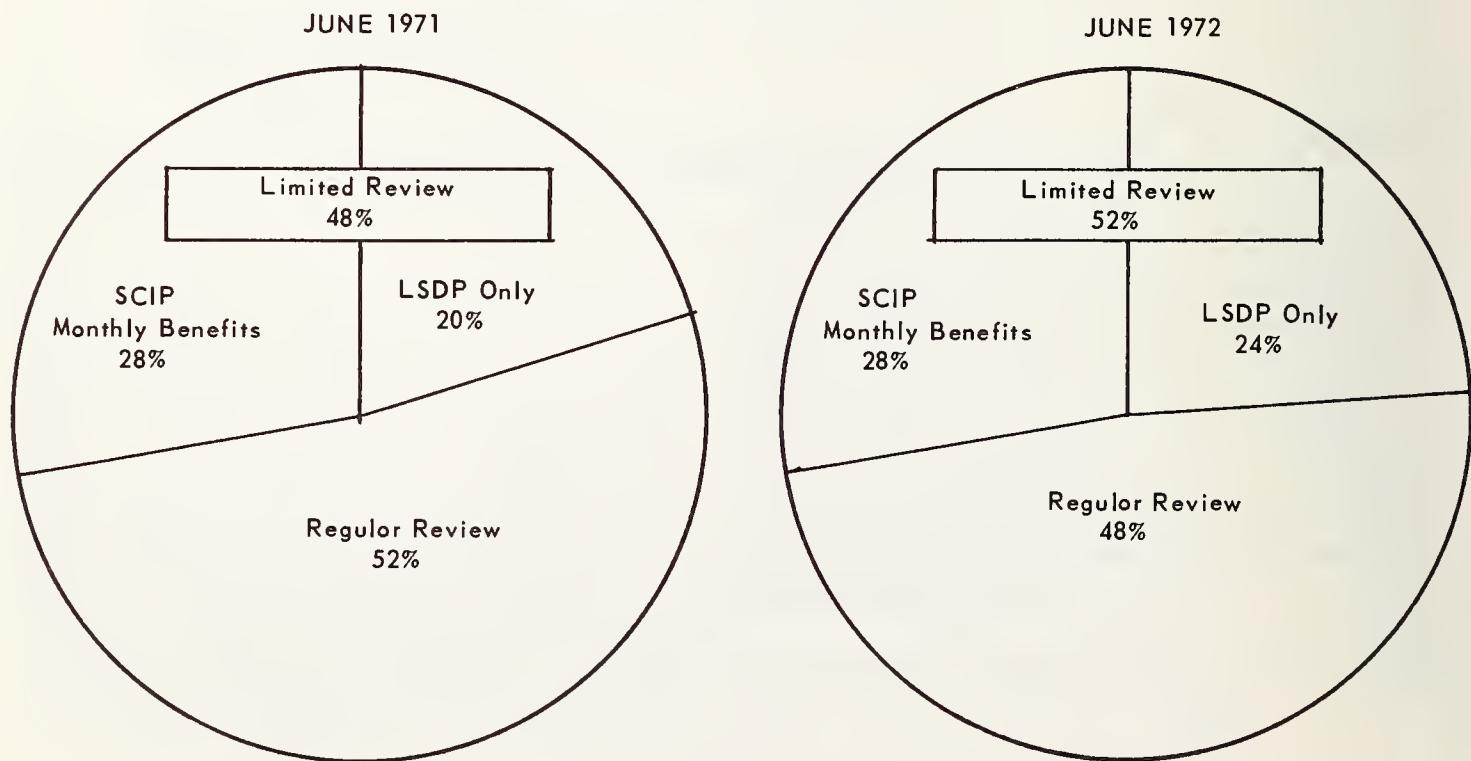
Both the portion of the total claims workload (52 percent) and the actual number of cases (about 37,000 applications per week) processed through limited review were significantly higher in June 1972 than in June 1971. Similar increases occurred last year.

Under the "clean SCIP" procedure (in effect through May 17, 1972), whereby only certain res-

trictive beneficiary combinations on a given award could be sent to PC's for limited review, percentages had stabilized at about 52 percent. In mid-May, the transition to identification of cases for DO final authorization by "conspicuous characteristics" was implemented. This procedure correlates certain characteristics appearing in the claims file to a high degree of error proneness. When a case having such characteristics is identified, it is excluded from final authorization in the DO. Although this concept had been in effect only a short time, preliminary reports showed a marked increase in cases requiring only a limited review in PC's. By June 30, the percentage of RSHI cases finally authorized in the DO's had jumped to 67 percent. This percentage was expected to increase as experience is gained and the conspicuous characteristics procedure is refined. In addition, there should be a decrease in processing time as these nonautomated cases are processed without substantive PC review (thereby bypassing several work stations in the reviewing offices).

Due in part to time savings resulting from reduced review workload in PC's, other backlogs are being reduced there. This showed up in the faster receipt of checks by beneficiaries and a reduction in the volume of nonreceipt of check notices and critical cases.

**Comparison of Cases by Type of Review
June 1971 vs. June 1972**



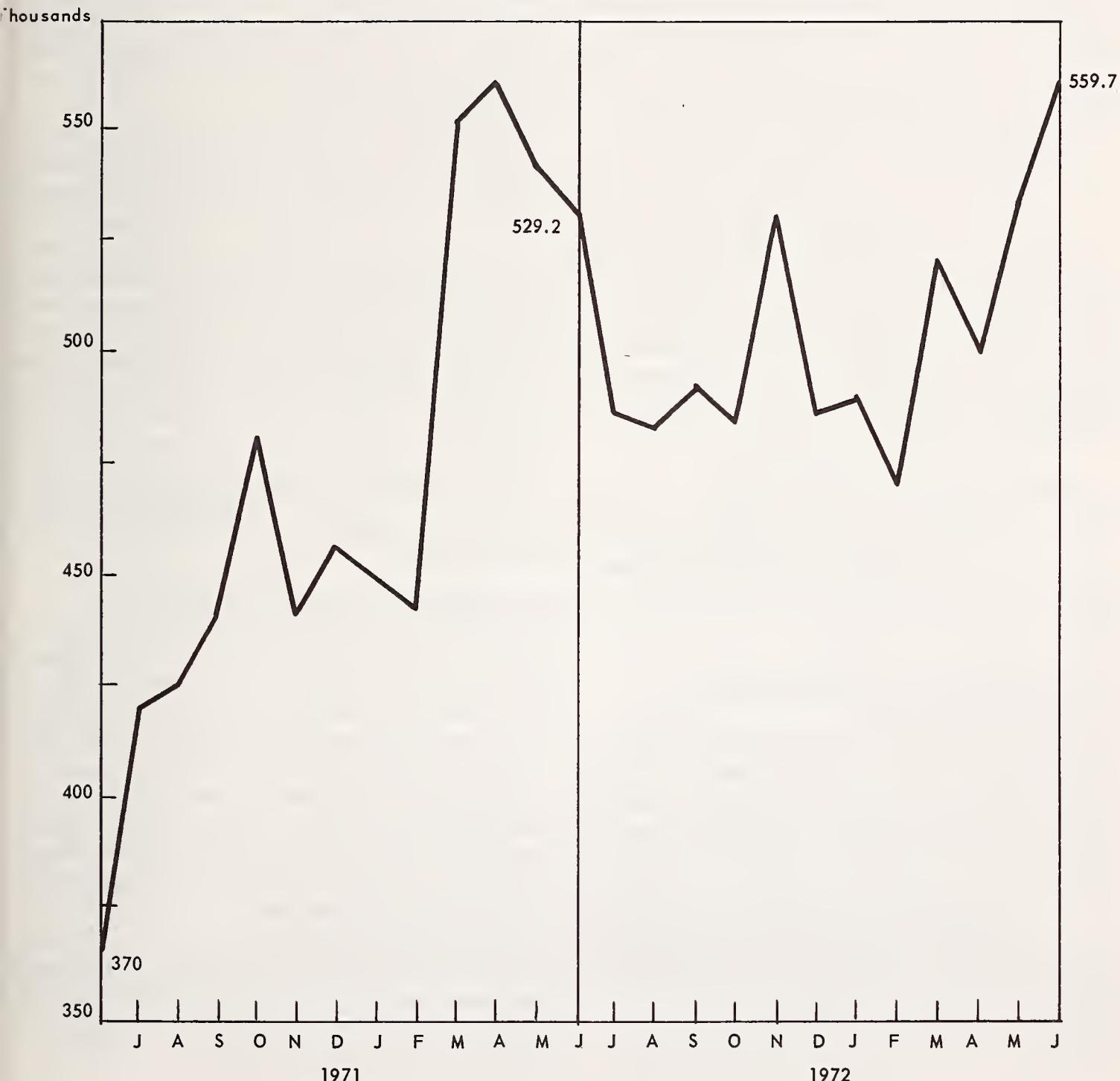
Processing Time

	SCIP (Monthly Benefits)	LSDP Only	Regular Review			
Processing Time (Mean Days)	6/71	6/72	6/71	6/72	6/71	6/72
DO Time	15.8	12.2	15.0	13.3	20.2	18.5
PC Time	11.7	15.9	16.0	11.1	44.2	45.4
Transit Time	2.4	2.4	2.3	2.3	2.8	2.4
Total	29.9	30.5	33.3	26.7	67.2	66.3

4. POST-ENTITLEMENT ACTIONS

In 1972, the volume of DO direct-input notices was fairly constant with fluctuations following seasonal patterns. During this period there were no new programs implemented; however, the work notice system was expanded in October 1971 to permit increased input. In 1973 more activity will be seen in the direct-input area as a result of planned modifications to existing programs and input of additional events.

Direct Input of Notices



5. TAILORED SERVICE

BDOO continued to expand and refine its efforts to tailor service more closely to the needs and preferences of claimants and beneficiaries. A wider range of claims and post-entitlement actions were conducted by telephone, mail, or with the assistance of third parties, especially employers. Public acceptance of these methods of service underlines SSA's conviction that the public can best be served, in most instances, on an individual basis.

a. Field Facilities

During 1972, BDOO tried to identify the remaining facility needs arising from existing program demands. Additional locations were earmarked for 125 BO's in the event of enactment of H.R. 1. BO's increased by 50 in 1972. This, coupled with the fact that four smaller DO's were converted to BO's, brought the total number of BO's to 289.

Although a freeze on Federal construction reduced activity in the DO construction program, 17 new buildings were completed and occupied and contracts were awarded for 17 others. These will be completed in 1973. Five of the new projects are part of a "Turnkey" contract awarded to a single developer. The first contract of its type for SSA, Turnkey is an experiment to determine if savings in time and dollars will result from the approach to design, purchase of materials, and mobilization of construction crews.

b. Service to the Navajo Indians

BDOO established five resident stations on the Navajo reservation to provide improved full-time service to the 130,000 residents of the Navajo Nation in the southwestern United States. These offices are staffed by Navajos.

6. METROPOLITAN ANSWERING SERVICE (MAS)

During 1972, MAS units were opened in Berkeley, Ft. Lauderdale, Passaic, and Boston. At year's end, a total of nine MAS units were providing toll-free telephone contact with SSA for some 30 million people. These units received over 90,000 calls a week, taking action on requests by beneficiaries, providing referral service, and answering a wide variety of public inquiries. In addition to improving service to the public, these units have improved efficiency in the 106 DO's and BO's they serve.

7. INFORMATION AND REFERRAL SERVICE

BDOO moved to standardize and improve the information and referral services available to the public in all DO's. Guidelines were established to provide minimum standards of service, and training materials were developed to provide necessary instructions for all interviewers.

While appropriate referrals have always been a part of SSA's service to the public, the need for a more effective service has become increasingly evident in recent years. Renewed emphasis to meet this need was given in the President's December 1971 address to the White House Conference on Aging. In this address the President called for an information and referral center to be provided in each social security office to help explain Federal programs.

The President's Directive forms the basis for an expanded concept of the information and referral service in DO's and BO's. Additional interviewing skills will be required because interviews will go beyond the usual SSA issues to identify any non-SSA services that may be needed. Comprehensive information resource files will be developed and maintained from which the interviewer will provide information about services available in the community. When appropriate, the person will be referred to another agency for help. DM's will monitor the operation for effectiveness of community resources and will continue to exert their influence to improve such resources or to establish new capabilities where services are not presently available.

8. FIVE-STATE WELFARE PILOT

In the latter part of 1971, SSA and SRS agreed to conduct a pilot SSN enumeration in five States. The purpose of the pilot was to identify problems at an early stage and to assess various methods for enumerating welfare recipients. The SSA/SRS agreement provided that enumeration would include verifying numbers and notifying the State welfare offices of all such SSN's. Another important aspect of the enumeration was that numbers furnished the States would be retrievable from their records at a later date.

The pilot also included a sample study of date of birth verification for some old age assistance recipients, and an identity verification study for some recipients in all cash-payment categories.

The pilot enumeration was being conducted in Idaho, Wyoming, Kansas, Delaware and six counties in Georgia.

As each State began enumerating all new cash-payment applicants, it prepared a master tape listing of recipients on its rolls at that time and forwarded it to SSA. BDP subjected this listing to several screening operations to verify any SSN's which had been furnished. A number was considered "verified" when the recipient's name, date of birth, sex and SSN, as shown on State records, were in agreement with the same information contained in SSA's records. The five States listed a total of 283,568 recipients on the master tapes. SSN's were shown for 100,216 of these recipients. In the screening operations, however, many of these so-called SSN's were found, instead, to be social security beneficiary claim numbers. Only 57 percent of the 100,216 numbers could be verified as belonging to the individuals shown on the master listing. The percentage of verified numbers in each State ranged from 44.8 to 69.5 percent.

Where SSN's could not be verified, or where no SSN was furnished, the welfare recipient was contacted by mail or in person to complete an application for an SSN. At year's end, these applications were still being processed. The States will be informed later of the SSN's assigned or verified.

9. EMPLOYEE DEVELOPMENT AND TRAINING

a. Special Management Recruitment and Training Program

A management recruitment and training program was launched when 23 men and 5 women entered an 18-month program in May and June. The plan is intended to recruit persons with special administrative skills from outside SSA, and to develop them in SSA program knowledge and skill for GS-11, 12, and 13 management jobs in DO's.

This program, developed by BDOO under a CSC-approved agreement, is a way of bringing to SSA's managerial positions a number of people whose perspectives and skills have been shaped in a wide variety of Government agencies and private organizations. Twenty-five of the participants are members of minority groups. This will assist SSA in meeting its long-term objective of matching employee representation at all levels with the population from which employees can reasonably be expected to be drawn.

b. Training for Blind Service Representatives

The Blind Service Representative Training Program, successfully piloted in the Atlanta region, was expanded into a national program, including trainees from the Boston, Atlanta, New York, and Philadelphia regions. Applicants for this program are screened by State Vocational Rehabilitation personnel. Those selected are sponsored by their respective State Vocational Rehabilitation agencies during the service representative training and become SSA employees upon successful completion of the basic service representative training.

Given a modified service representative course, along with training and reference materials in braille, large print, and recorded on tape cassettes, the trainees go through 13 weeks of training to become telephone service representatives. Successful candidates were working in MAS units and DO's in several regions. BDOO will continue this effort, expanding it to all regions.

c. General Training

During 1972, a number of training programs were revised or developed for the first time. Among them were the post-entitlement segment of the Service Representative Basic Course, an extensive package on BL, a package on DO final authorization and a revision of the new Claims Representative Trainee Basic Course. All have been actively used in DO's and BO's across the country.

10. APPRAISAL ACTIVITIES

a. Diagnostic Examination

The Technical Examination District Office (TEDO) was designed as an objective test of the level of instant recall knowledge of selected DO employees. The examination (which is of the closed book variety) was designed to provide management with information on the strengths and weaknesses of SSA's interviewing processes in HI and pre- and post-entitlement areas of the RSI program. A training course was being prepared to improve employee knowledge in deficient areas, with validation of the training six months after it is given.

b. DO and RO Review Program

The review program for DO's has been revised by BRSI staff to include a self-appraisal by the DM. To assist the manager in making his own self-appraisal, a new functional guide was prepared to be used as a working tool. Although additional improvements in the program are planned, most

DM's feel this approach is worthwhile and useful to them.

A similar approach was implemented for review of RO operations. Two RO reviews were conducted under the new system with four more scheduled for the first half of 1973.

c. Teleservice Study

BDOO conducted a teleservice study to determine which practices were used in offices with very high and very low teleservice percentages. The object was to gain information to help bring balance to BDOO's concept of tailored service to the public.

d. The Data Review Technician (DRT) Study

In January 1972, BDOO made a study of the DRT function which determined that generally the DRT position was accomplishing its objectives. Recommendations to strengthen certain aspects of the job were made and are being implemented.

11. MANAGEMENT ASSOCIATIONS

During the year, official relationships were established with management associations in 10 of the 11 BDOO regions. A similar arrangement involving a national council was established at the national level. Through regional and national meetings and other arrangements, an additional forum for management communications has thus been provided at all administrative levels.

12. UNION REPRESENTATION

Union organization of BDOO field employees continued to increase during the year. The number of

districts having exclusive recognition increased from 243 to 307—an increase of 20.8 percent. About 60 percent of the BDOO field staff is now represented by a union.

	Number of Districts	Percent of Employees Represented	Number of Employees Represented
July 1971	243	50.2	9,585
July 1972	307	60.4	10,515

BDOO experienced a substantial increase in the number of contract negotiations because of continued union organizing activities and recent changes in regulations governing labor relations policies. To meet their responsibility, selected BDOO RO and DO management staff from the regions continued to participate in a labor relations training program. The program, developed and conducted through a joint effort of BDOO, OA, and field personnel, provides a full range of labor relations training. Participants include management personnel who are, or are about to become, directly involved with employee organizations.

13. EQUAL OPPORTUNITY

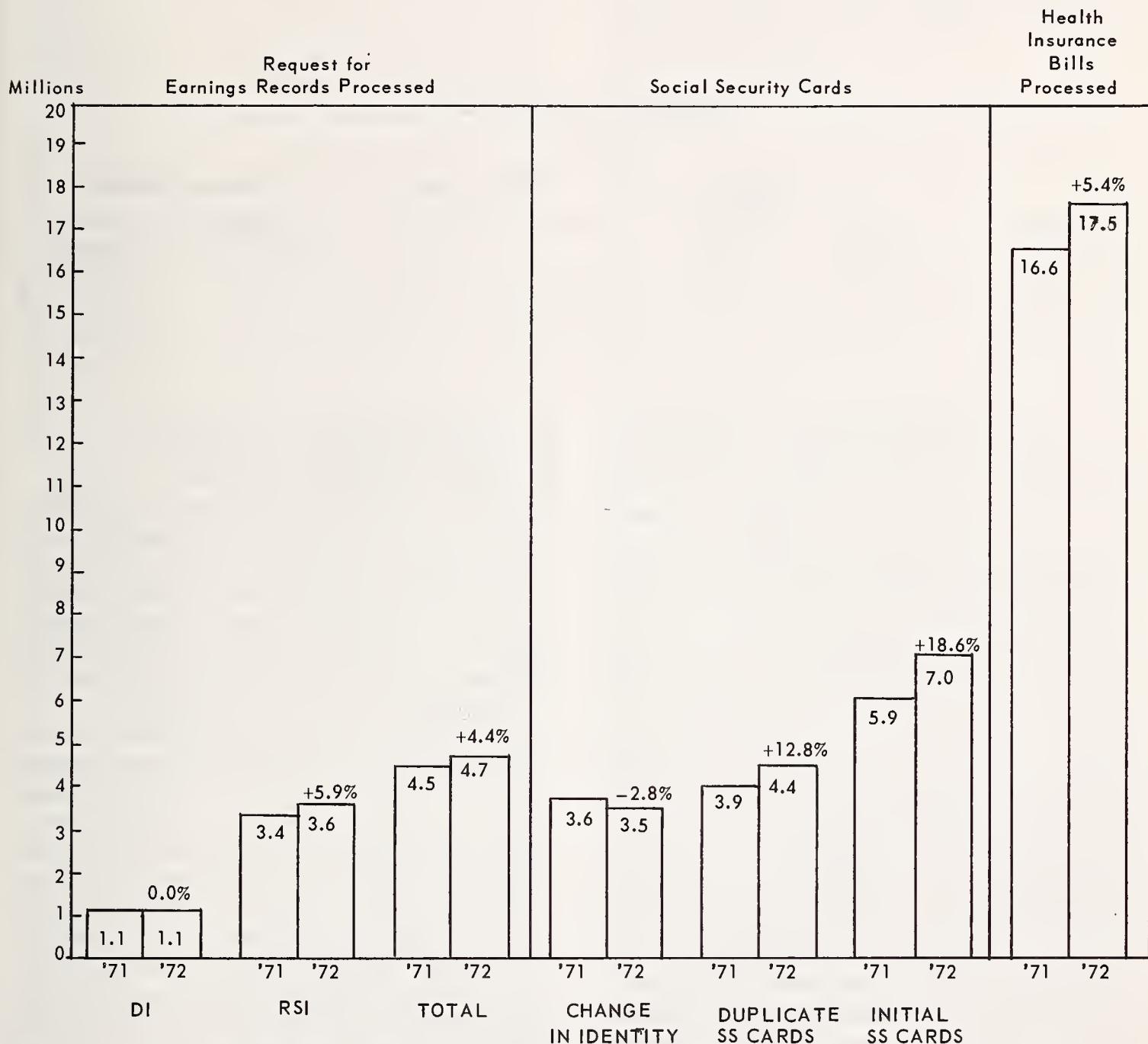
BDOO increased the number of female and minority employees in grades 9 to 15 in 1972. There were 115 more women on duty in these grades at the end of 1972 than 1971, 27 of whom were in grades 12 to 15. During this period, the number of minority employees grade 9 and above increased by 188; 43 of these minority employees were in grades 12 to 15.

BUREAU OF DATA PROCESSING

1. WORKLOADS

Most BDP workloads increased in 1971. Health insurance bills, earnings record requests, and duplicate and initial social security cards workloads increased significantly. The issuance of

initial social security cards increased nearly 19 percent because of welfare and beneficiary enumeration activities. Earnings and change in identification workloads declined slightly.



Magnetic tape reporting of Health Insurance Bills continues to increase each year. Approximately 54 percent of the bills processed in 1972

were received on magnetic tape compared to 25% and 40% for 1970 and 1971.

Health Insurance Bill Processed
(Millions)

Fiscal Year	Total Items	Magnetic Tape Items	Manually-Punched Items	% Magnetic Tape
1970	15.7	3.9	11.8	25
1971	16.6	6.7	9.9	40
1972	17.5	9.5	8.0	54

Earnings Items Processed
(Millions)

Fiscal Year	Total Items	Reported on Magnetic Tape (Incl. S/E)	Optically Scanned		Manually Punched	
			Entered	Good Items	Re-Entry From Scanner	Non-Scanned
1971	358	54	179	101	78	125
1972	348	54	170	97	73	124

2. PROJECT MANAGEMENT SYSTEMS

Beginning late in 1971 and continuing throughout 1972, BDP designed and installed computer-based, integrated project management systems, to establish a method for identifying and planning project-scope work efforts and for monitoring progress being made on them. The project management systems being developed rely on manual entry of input documents into a computer data base. This then produces a series of output reports appropriate to the various levels of bureau management. The systems, when fully operational, will satisfy the project control, resources accounting, and management information needs of BDP's three major "staff" organizations: Data Development, Systems, and Administration. The individual project management systems in each of these areas were designed and implemented by personnel under the general administration and technical guidance of a central bureau work group. At year's end, the management system for data development was pretty well under way, the one for systems was being implemented, and the one for administration was in the developmental stage. Each of the systems will eventually merge with various other bureau control and reporting systems in order to create a single, computer-based total management system for BDP.

The percentage of earnings items processed automatically remained the same in 1972 despite mechanical problems with the optical scanner. A request for proposal for a new optical scanner was developed.

3. ENUMERATION ACTIVITIES

a. Central Issuance of SSN's

On March 15, 1972, BDP began the central issuance of original SSN's and will gradually issue an increasing percentage of them. Eventually, BDP will assume the entire issuance workload. In the interim, DO's will continue to issue SSN's on a gradually decreasing basis. By April 1972, BDP was issuing 11 percent of the total and by May the figure was up to 36 percent.

On June 23, 1972, the Wilkes-Barre installation was put out of action by flood waters resulting from Hurricane Agnes. This facility had been performing the card punching and keyplexing operations for the central issuance of SSN's. The loss of the Wilkes-Barre facility temporarily halted the central issuance of SSN's. (The facility was back in full operation by the end of July 1972.)

Since BDP began the central issuance system, it has retained on tape full identifying data from the application forms, thus establishing a data base for the long-range objective of optimum electronic screening and validation of numbers.

b. Enumeration of Secondary Beneficiaries

Social security benefit payment records are set up on the SSN of the worker on whose account benefits are being paid. An alphabetical suffix is used to indicate whether the dependent is a wife,

widow, child, etc. For some time SSA has wanted to issue SSN's to these beneficiaries so the limitations on earnings contained in the retirement test could be better enforced. Social security records showed that as of December 1971 some 7 million secondary or auxiliary beneficiaries out of 13 million either did not have a number or their own number was not cross-referred to the worker's account on which benefits were being paid. Therefore, BDP conducted a pilot study for enumeration of SSA secondary beneficiaries from December 1971 to January 1972. Then, mass enumeration of SSA secondary beneficiaries age 64 and older commenced in April 1972, and three million applications had been mailed by June 1972.

4. ADVANCED COMPUTER TECHNOLOGY

a. Operating Systems

The conversion from IBM 7080 to 360/65 equipment (second to third generation) has required both the conversion of existing programs and the development of sophisticated operating systems to accommodate the multi-programming environment in which the new equipment operates. By the end of 1972, 544 of the 569 "old" programs had been converted; 374 were converted in 1972.

Because of the number of 360/65 computers required to process the EDP workload, the operating systems were designed to link four computers in such a way as to effect a single complex. This link between computers (each computer functioning independently of the other) takes the form of shared libraries and catalogues of data sets residing on direct access storage devices. Consequently, families of jobs exceeding the capacity of a single computer can be processed on any of the four computers in a given complex.

During 1972, the operating systems were redesigned to attain greater efficiency and provide more sophisticated control of computer processing. Operating systems were developed for three additional 360/65 computers previously utilized for 7080 mode processing.

To meet the increasing demand for computer resources, BDP installed a 370/165 computer during 1972. This computer employs the latest techniques in computer technology resulting in a production rate far in excess of the older 360/65. Since the system is fully compatible with the 360/65, no conversion effort was required. An operating system was developed to link the 370/165 together with two existing 360/

65 computers forming a complex similar to the complexes of four 360/65 computers.

b. Attached Support Processor (ASP)

BDP is continuing to develop enhancements to the Attached Support Processor (ASP) System in order to extend the capabilities and improve the performance of the 360 Operating Systems. Initially provided by the vendor, ASP is designed to provide multicomputer capability to System 360 Operating Systems and to optimize the use of computer resources.

As explained above, the 360 Operating Systems link up to four computers, each functioning independently of the other, via shared direct access libraries and catalogues of data sets. ASP significantly improves upon this concept by attaching one computer system, and the support processor to one or more others which act as controlled main processors. This centralizes the time-consuming support functions such as card reading, printing, and tape setup instructions, freeing the main processors for more rapid processing tasks. ASP also features the arrangement of computer system components into operationally functional areas. As examples: tape drives are pooled and shared by several systems; printers and card readers are also pooled.

BDP staff investigated the feasibility of implementing ASP at SSA in 1971. After developing a number of modifications and enhancements specifically for the SSA environment, two 360/65 systems were used to pilot test the new concept. These two systems began operating in a production environment (three shifts per day, six days per week) in June of 1971. The results were so encouraging that the decision was made to proceed with additional development leading to a complex of four 360/65 systems, one functioning as the support processor, the remaining three as controlled main processors. A software development project was initiated and some hardware upgrading was started. In December of 1971, a second duplex (two 360/65 systems, one support processor and one controlled main processor) was put into production.

c. COBOL Optimizer

In 1972, BDP acquired an OS 360/370 COBOL Optimizer—a proprietary software product of Capex Corporation. The COBOL Optimizer automatically reduces the size of COBOL object programs by an average of 20 percent and decreases

average program run times by 6 percent. Use of the COBOL Optimizer reduces the amount of main storage required to execute the operation, thus freeing up room to run other operations concurrently. The Optimizer achieves core reduction by attacking the object code generated by the COBOL compiler and condensing that code by register and instruction substitution. The new code, in addition to requiring less space, normally requires fewer machine cycles to run, therefore providing additional savings in run time. The reduction in COBOL program sizes provided a significant increase in the multiprogramming capability of the computer systems, for which no fixed dollar value can be assigned. The decrease in program run time has resulted in a savings of approximately \$70,000 in 1972 and an estimated \$350,000 for 1973.

d. Automatic Tape Label Printing Facility

The automatic tape label printing facility was developed by BDP in 1971, and in 1972 was extended to all 360/65 systems. The facility, which uses an inexpensive telecommunications device and specifically written system software, prepares gummed labels at the instant an output tape file is completed. The labels are rapidly affixed to tape reels by operating personnel who are relieved of the clerical chore of recording tape reel characteristics and identification information.

The automatic tape label printing facility, which proved its worth during a year of operating experience, was being improved at year's end. Multiple printer capability, for use with systems having large numbers of tape drives, was also being developed. Destination routing, switching, and better hardware failure recovery procedures were being programmed.

underwent significant modifications during 1972 to support the tremendous increase in workloads. The central processing unit and the main memory banks were doubled in speed and capacity, a quarter of a billion characters of on-line storage was added, higher speed magnetic tape units replaced slower ones, two additional remote batch terminals were added for a total of seven, six conversational terminals were introduced and the computer operations staff began third shift operation.

b. Development of a Utility Publication System

During the year BDP implemented a system for automatically producing tabular composition material for publication. This system uses a series of sophisticated computer programs to control spacing, identification of statistical data, automatic generation of headings, stubs, box heads, and ultimately produces a magnetic tape for use directly on the Linotron System (electronic type setting), without any additional computer runs in the Government Printing Office.

The programmer can use the system to produce data without having to be concerned with the verbiage to describe it. The data is then automatically combined with the descriptive information to create tabular presentations for publication. This system greatly facilitates the production of publication data with a tremendous increase in quality when the Linotron System is employed. Additional areas of application were being explored. This system promises to be a valuable tool in the publication of SSA's statistical data.

6. MICROFILM TECHNOLOGY

a. Implementation of an Ultrasonic Micro-Film Splicing System

BDP has long used the adhesive tape microfilm splicer for adding updated data to microfilm files and repairing damaged microfilm segments. At one time, 126 of these units were in operation. This splicing technique requires splicing tape that annually costs \$100,000; equipment that is complex, fragile, and expensive to repair; and an operator who must execute 14 steps—with precision in order to provide an adequate splice. In connection with BDP efforts to prolong the life of the earnings history films, a new splicing method was sought. The result was the adaptation of an ultrasonic motion picture splicer to the microfilm application. This splicing technique utilizes ultra-

5. DATA DEVELOPMENT

a. Data Development Time-Sharing System

During 1972 the Data Development Time-Sharing System completed its first full year of operation. Demands for service exceeded those originally anticipated, and produced workload levels equivalent to those originally anticipated for the fourth and fifth years of operation. During 1972, the Phase I effort of providing remote high-speed batch job processing capabilities was realized and Phase II was initiated. The Phase II support (on-line data bases and conversational terminals) has significantly extended the service available to offices throughout SSA. The computer center

sonic waves to weld two pieces of film together. It requires no splicing tape, eliminates operator error, yields a durable bond, and requires much less maintenance than the old splicing technique.

BDP purchased 50 new splicers (retiring a comparable number of tape splicers), and became the first in Government or in the private sector to use this splicing method for conventional microfilm. The new system, although only partially implemented, has already resulted in a \$25,000 saving in splicing tape and a reduction in machine downtime, maintenance costs, and splice failures. In addition, the daily splicing production rate has increased from an average of 524 to 745 items, an improvement of 42 percent since 1970. Additional ultrasonic splicers were on order and BDP will be using the ultrasonic splicing technique for all polyester base microfilm by the end of 1973.

b. Utilization of 2½ MIL Polyester Base Microfilm

Due to space limitations and the consistent growth of the earnings reports microfilm file, BDP personnel began seeking an archivally-approved thin base microfilm on which to record earnings reports and other data. Since there was also much breakage of the 5 mil acetate base film that was used for reference, the possibility of using a polyester base was explored. Research of existing products revealed a newly-developed 2½ mil polyester base silver microfilm which had been approved for archival storage.

To ensure camera compatibility and to detect any problem areas, the film was first used to record the entire file of Forms SS-4, "Application for Employer Identification Number." When that operation was found to be successful, BDP staff expanded use of the film to recording accretions to the SS-5 file, "Application for Social Security Account Number," and to recording health insurance bills. In addition to reducing storage space by approximately 50 percent, the film will, for the most part, eliminate breakage. BDP plans to film all accretions to earnings reports microfilm file and convert existing earnings reports films to this new thin film during 1973. Ultimately, this new thin film will be used for all of BDP's conventional camera operations.

c. Conversion of Employer Registration to a Tape/Microfilm Operation

In 1972, the Form SS-4 (Application for Employer Identification Number) card file, in existence and continuous use since 1937, was converted to microfilm. At the time of conversion the file occupied 5,000 square feet of floor space and was housed in 713 filing cabinets. Conversion of the file was made possible by the development of an EDP system utilizing the IRS Business Master File Name Director. This file, which enables BDP to alphabetically sort and interfile on tape, is updated on a monthly basis with new accretions and change data and is used to produce monthly and quarterly microfilm supplements between annual updates of the entire master file.

7. TELECOMMUNICATIONS

In August 1966, GSA established the Advanced Record System (ARS) communication systems in cooperation with the Western Union Company, permitting use of Western Union lines and equipment by all Federal agencies. The system is an automatic circuit-switching network using computers that can deliver messages to system users 24 hours a day, 7 days a week. During 1972, 57 DO's and BO's were added to the ARS making a total of 978. These offices utilize 999 access lines and 1,255 teletypewriters. During 1972, data work volume from the field increased by approximately 9 percent, administrative messages increased 7 percent, and overall systems usage increased 9 percent.

The transmission speed of the magnetic tape transmission systems used between CO and the message-switching centers at Romney, West Virginia, and Berwick, Kansas, was increased from 6,000 words per minute to 9,000 words per minute to provide more efficient service, more effective use of terminal equipment, and to provide for increasing workloads.

A communications facility using teletypewriters and telephone lines was installed as a subsystem to the ARS for exchange of messages between the Seattle, Washington, and the Anchorage and Juneau, Alaska, DO's.

BUREAU OF RETIREMENT AND SURVIVORS INSURANCE

1. PC WORKLOADS

RSI Claims

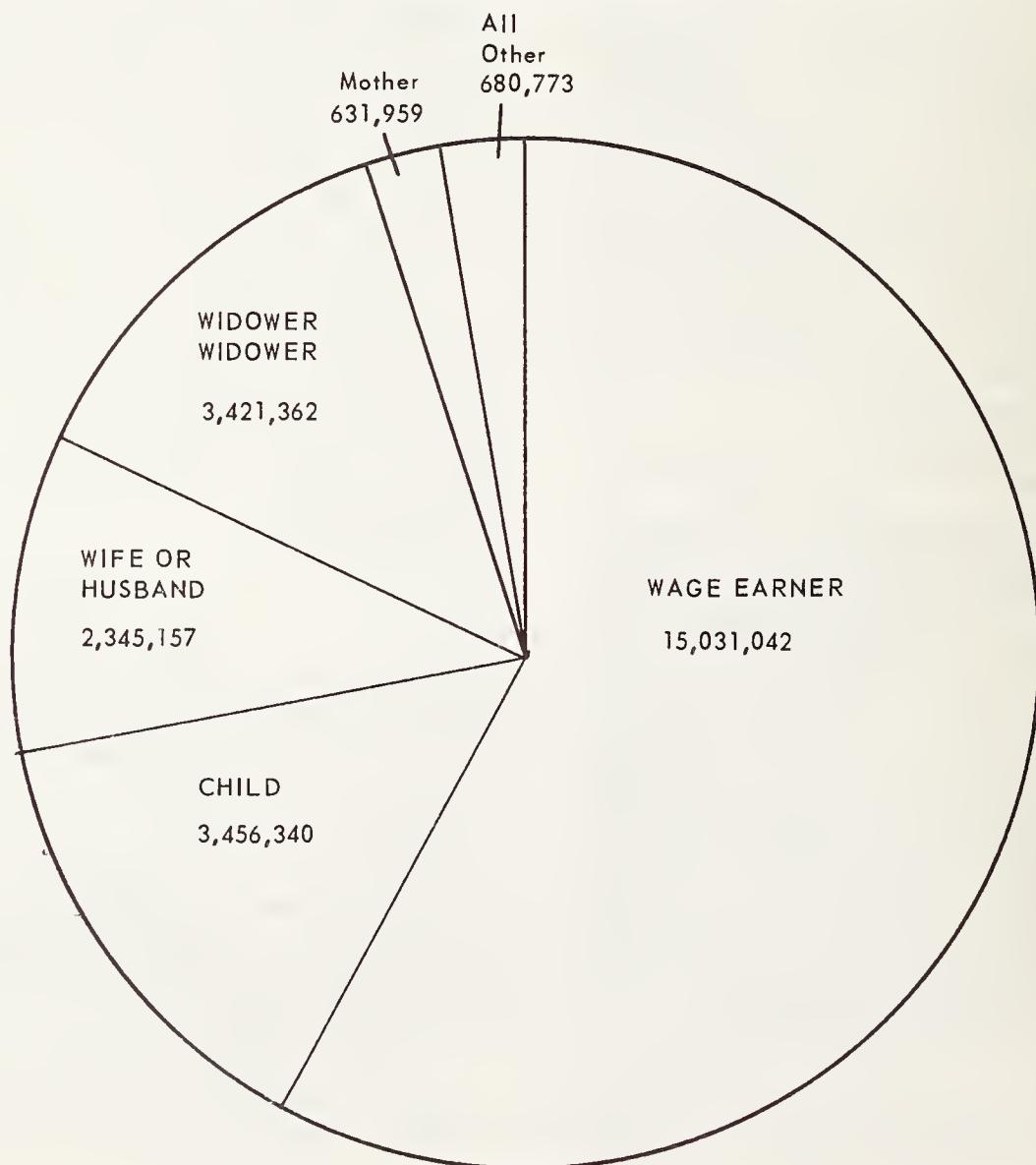
(thousands)

	PC Folders		
	1970	1971	1972
Receipts	3,019	3,100	3,263
Clearances	3,051	3,065	3,242
End-of-Year Pending	177	243	178

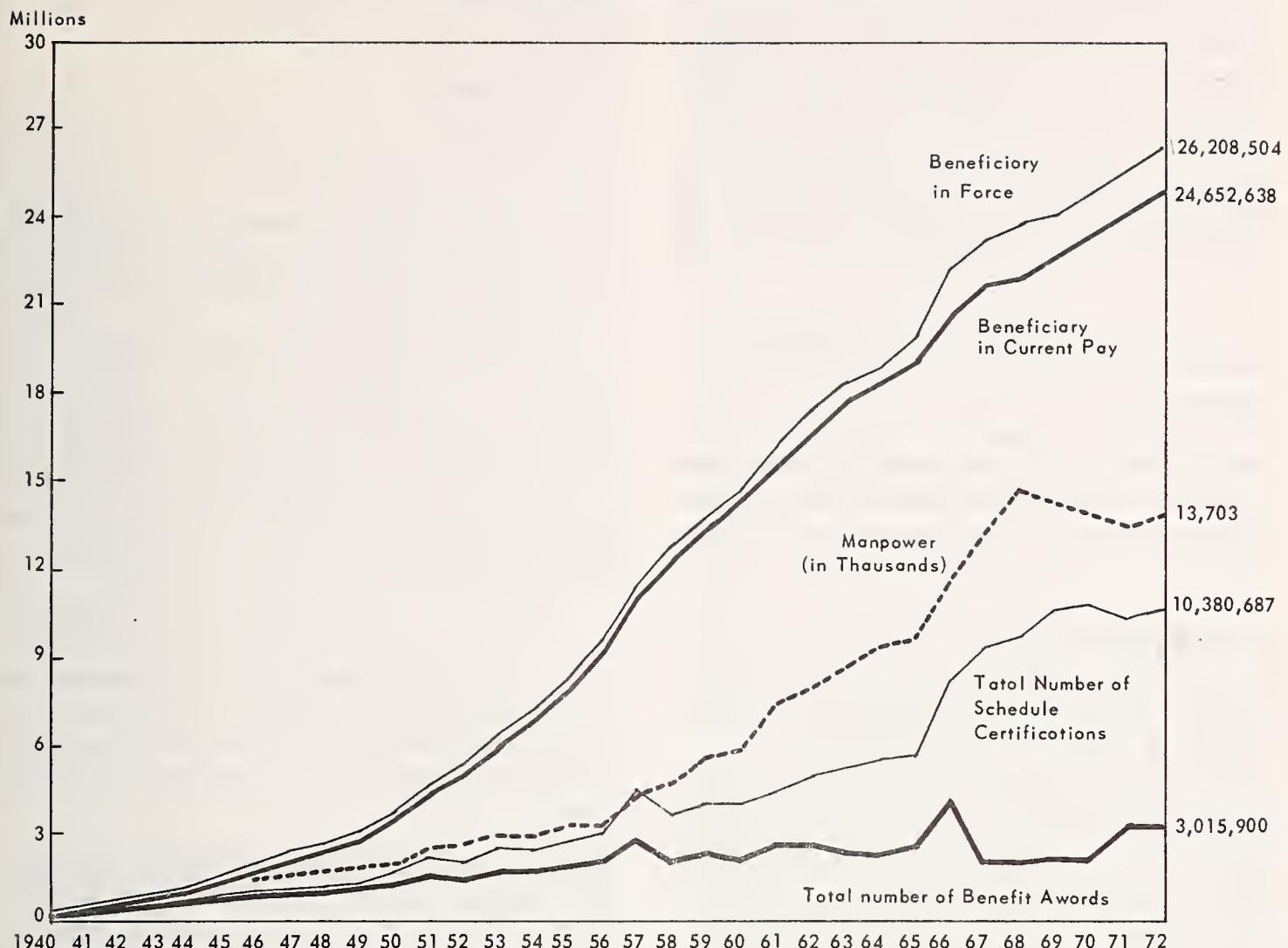
The close of 1972 found the PC's much improved in terms of major pending workloads. This is especially noteworthy in view of the very high backlogs and serious processing problems en-

countered at midyear. At that time, the Bureau was in a declining staff situation despite continually increasing backlogs. Employees and overtime were made available to the Bureau and a concentrated effort was made to bring the backlogs down to a more manageable level. With lower receipts and further overtime near the end of the year, acceptable workload levels were finally attained. Despite the progress, the size of the permanent staff continued to decline and many of the PC operations were only being held together with overtime and temporary employees. Beneficiaries-in-Force attained a new high of over 26,000,000 (up 2.4 percent) at the end of year, contrasting with a reduction in total staff (down 5.2 percent from June 1971).

Percentage Distribution of RSI Beneficiaries, By Type



Bureau of Retirement and Survivor's Insurance
Historical Comparison of Workload



2. REALIGNMENT OF PC SERVICING AREAS

BRSI requested approval to realign PC's in order to relieve congested workload conditions and conform to SSA regional boundaries. Approval was received in June 1971. The realignment itself was completed in two phases. The initial phase, completed in October 1971, entailed transferring massive numbers of claims folders from one PC to another. A total of 1,227,000 claims folders were physically transferred between PC's under phase 1. The last phase was completed in April 1972, when the remaining 1,034,000 claims folders were transferred to other offices.

3. CONSPICUOUS CASE CHARACTERISTICS

The limited review process, which was implemented in the early part of 1969 as a work-saving

measure, proved to be a successful expedient in the quick processing and fast payment of benefits on certain selected claims. The cases selected were limited to those containing computer-generated Selected Claims in Process (SCIP) awards. Additional categories of SCIP awards were subsequently brought under the limited review procedure. However, a saturation point was reached in the volume of cases that could be processed under these procedures.

A new system of selecting claims—unlike that restricted to SCIP awards—has been developed based on studies, evaluation and experience acquired in the overall review process. This system is based on the fact that claims having certain conspicuous characteristics tend to be more error-prone; therefore, PC review should be concentrated on those cases. In reviewing this more limited but carefully selected body of cases, it

should be possible to process more claims, more rapidly, with no significant effect on accuracy.

A list of readily identifiable conspicuous characteristics of error-prone cases was established, and on May 18, 1972 the conspicuous characteristics approach to limited review of RSHI claims was instituted. The DO notes the particular characteristics of a case, and decides whether it requires PC authorization. Cases free of conspicuous characteristics were submitted to the PC as DO final authorization cases requiring no PC review. The PC remains responsible, however, for preparing diaries and listings, and designating paragraphs to be included in the award letter to the claimant.

For purposes of quality evaluation, sample reviews continue to be made, and the effectiveness of the entire conspicuous characteristics concept will be periodically re-evaluated and modified as needed.

4. ORGANIZATION

BRSI realigned and strengthened its administration, methods and procedures areas to direct BRSI activities in the field more effectively.

Two PC reorganizations were the Premium Exception and Inquiry Unit in the Health Insurance Section, Award Processing Branch, and the Exception Processing Section in the Payment Records Processing Branch. Both reorganizations had the goals of reducing processing time by reducing the number of work stations, and re-engineering jobs to increase employee potential for upward mobility.

Several experiments related to developing a process-oriented PC were initiated during the year. The Scott Plaza (Philadelphia) Experiment contains six "processing modules". Each "processing module" consists of a sufficient number of people with the necessary expertise to take full and final action on the majority of cases received in the module. Professionals and clericals work as a team to process all work through the module as quickly and accurately as possible.

The Manual Awards Module (MAM) was initially established in the Kansas City PC and later established in the New York, Philadelphia, and Chicago PC's. The purpose of this module is to reduce processing time on award actions that require manual processing outside the Realigned Input System. The module consolidated the post-entitlement summarization function, the blocking, cod-

ing, editing and the award-typing functions to eliminate much of the queuing time and the movement of folders now necessary in the manual process.

5. PC SPACE

Some progress was made during 1972 toward providing first-class space under one roof for each of the PC's. OMB apportioned funds for the design of PC buildings in Philadelphia, Chicago, and San Francisco. They will be constructed by private contractors to Federal specifications under the "systems design" concept.

Passage of "purchase contract" legislation in June 1972 will make it possible to acquire the buildings and sites through this entrepreneur-financing method. Title to the land and buildings will revert to the Federal Government at the end of the contract period (e.g., 30 years). The anticipated occupancy date for these buildings is October 1974.

A fourth PC, to be constructed in Birmingham, will be built to Federal specifications under the "lease-construction method." Unlike the three "purchase contract" buildings, the new Birmingham building will be leased rather than purchased. Projected date of occupancy is August 1974.

6. RSI PROGRAM LIAISON VISITS TO DO's

BRSI strengthened its role of providing RSI program leadership in 1972 by expanding program liaison visits. These visits by RSI staff with varied backgrounds are designed to bring greater understanding of technical questions and program philosophy to DO personnel. Through 1972, 823 DO's and BO's had been visited, and 136 had been visited twice. In line with the SSA objective of improving service to the public, visits have been scheduled to metropolitan answering services. Further, a reorganization during the year provided an assistant regional representative and a small staff for the liaison function. As a result of this strengthening of the liaison function, BRSI and BDOO expect to gain even more benefits from the visit program, including better feedback to DO management in areas where training would be most profitable.

7. CORRESPONDENCE ANALYSIS

In early 1972, BRSI released the report of the Correspondence Analysis Study, completed in late 1971. This study, conducted nationally by BRSI and BDOO in 164 DO's and six PC's, was the sec-

ond of its kind; the first was carried out in 1969. The object was to analyze PC correspondence, emphasizing the beneficiary's reaction to letters and notices. The study was timed to include a large number of annual report notices because of extensive changes made in the notices last year.

The study showed that overall the PC's are doing a good job in their correspondence. Inquiries were received on about 1.9 percent of all correspondence generated during the study period. The inquiry rate on annual report letters was 3.3 percent, about double the rate of 1.6 percent on all other correspondence. A major conclusion of the study was that the correspondence workload involves a number of factors not related solely to deficiencies in correspondence. Even though DO personnel were able to satisfactorily dispose of about 80 percent of the inquiries without referral to the PC's, many referrals apparently cannot be avoided.

8. WORK NOTICE PROCESSING

In October 1971, the Annual Retirement Test Program was expanded to process work notices reporting two events and intermittent non-work months in the current year. In addition, the system now automates the diary procedure, and future payments and suspensions are controlled by the EDP system. This revision, plus special effort by DO and PC personnel, has increased direct input of work notices to an average of 58,000 per month (50,000 DO and 8,000 PC) or from a total of 600,000 work notices a year before direct DO input, to an estimated 700,000 work notices during 1972.

9. INTERNATIONAL OPERATIONS

a. Payment to Beneficiaries Residing Abroad
In 1972, payment of over a quarter of a billion dollars was made to nearly 250,000 beneficiaries residing in some 130 foreign countries. Seven of these countries account for over two-thirds of the beneficiaries and benefits paid. They are, in order of volume: Italy, Canada, the Philippines, Mexico, Greece, Germany, and the United Kingdom.

This year, in order to minimize the cost of making payments abroad, the Department of State and the Treasury Department agreed that, where possible, checks would be distributed from the principal Foreign Service post in each country. This agreement reduced the number of posts handling checks from 205 to 145.

A continuing effort has been made to ensure the integrity of payments being made abroad. In 1972, over 200,000 enforcement questionnaires were sent to beneficiaries receiving benefits in a foreign country. In addition, on-the-scene surveys were made of a random sample of beneficiaries residing in the United Kingdom and Italy. This sample was designed to give a 95 percent degree of confidence in the findings of one sample when projected against the entire roll for a country.

b. Interagency Study Group

At the request of the Chairman of the National Security Council, an interagency study group was convened to examine the administration of Federal benefit payments abroad. The study group was composed of representatives from the Department of State, the Department of Treasury, the Department of Health, Education, and Welfare, the Office of Management and Budget, the Civil Service Commission, the Railroad Retirement Board, and the Veterans Administration.

The study group did an extensive analysis and made recommendations which could greatly improve overseas administration for benefit-paying agencies and the Department of State. Of major significance were the recommendations to develop cooperative arrangements among governments for mutual assistance in administering benefit programs; to introduce SSA claims development to Foreign Service posts in additional foreign countries; and to station SSA officials, serving as Foreign Service Reserve Officers, in Frankfurt and Rome to be responsible for the benefit programs in Europe. Significant progress was made towards implementing these recommendations during 1972, and it is anticipated that they will be completely implemented by June 1973.

10. LABOR-MANAGEMENT RELATIONS— EQUAL EMPLOYMENT OPPORTUNITY

During the past year, BRSI and the national office of AFGE (National Council of Social Security Payment Center Locals) operated under the provisions of their first Master Agreement, which became effective last year. In June 1972, the Master Agreement was renegotiated to speak to many of the concerns that had arisen under the agreement and to make it conform with the provisions of Executive Order 11491, as amended, which enlarged the scope of negotiable items. Although

many of the original articles of the first agreement remained unchanged, the language of several other articles was substantially altered and clarified to avoid misinterpretation. After ratification by the Council's locals and approval by DHEW, the new contract will become operative.

BRSI established a BRSI Women's Task Force and a women's ad hoc committee in each PC, CO, and DIO. Also, joint EEO committees (composed of management and union representatives) were established in each PC. The joint EEO committees were designed to improve BRSI-EEO program activities, develop creative programs, attain goals, recommend corrective actions, etc.

While minority staffing showed only a slight increase due to the severe constraint on staffing for 1972, BRSI instituted a minority staffing goal for each PC, DIO, and CO component.

11. DUE PROCESS

BRSI implemented procedures to ensure that all beneficiaries are fully advised before their benefits are suspended, terminated, or readjusted. These procedures are the result of recent court decisions on application of the due process clause of the Constitution. SSA will take immediate suspension or termination action as usual if the beneficiary (or his payee) reports an event that would normally stop his checks. However, as a result of the court decision no adjustment or recovery actions will be taken until the individual has been notified of the proposed action and advised of his right to reconsideration, the potential right to waiver, and the availability of partial adjustment. Moreover, the proposed action will not be taken until the individual has had an opportunity to exercise these rights.

Other recent changes in SSA's policies and procedures have: extended the administrative appeal rights to certain representative payee cases; extended the notice of the right to reconsideration and waiver to all overpayment cases where an initial determination has been made; provided for specific notice of the reason for interruption of regular monthly RSDI benefits; and provided for State agency personnel to give all disability beneficiaries an advance notice of proposed suspension of their monthly benefits—along with an explanation of the basis for the action and an opportunity to rebut it—before action is taken.

Other changes are being considered, but since extensive systems revisions will be needed, it will probably be some time before SSA can inform all

its beneficiaries of proposed adverse actions before they are taken.

12. PROOF OF AGE

During 1972, BRSI and ORS worked together to identify types of proof that are consistently valid in establishing dates of birth. As a result, they have identified types of documents that can be considered "convincing". BRSI has also eliminated the written determination of age previously requested in cases where no discrepancy existed.

13. FEDERAL-STATE AGREEMENTS — AUDIT REPORTS

The audit of State and local reporting entities was established in 1971. Its purpose is to provide SSA and the States with systematic methods of ascertaining the degree of compliance with the contracts by which social security coverage has been extended to the services of States, political subdivisions and interstate instrumentalities.

Fourteen States have been audited by SSA audit teams comprised of BRSI policy specialists and BDP analysts. The HEW Audit Agency has completed audits of five States and 22 interstate instrumentalities.

In general the audits have gone well. Although most adverse findings were minor and were due to lack of adequate staffing, some more serious problems were found. Some States lacked a systematic program for periodic on-site audits of local reporting entities, and others had no established means of disseminating instructional material.

Activity in extending and terminating coverage of State employees has continued at a higher level. Approximately 700 modifications extending coverage in 46 States have been processed. New agreements have been submitted for 5 interstate instrumentalities, and modifications have been made to enlarge coverage for existing interstate instrumentalities. BRSI received and processed 877 terminations.

Five States (Texas, Utah, Washington, Wisconsin, and Wyoming) accounted for partial terminations of coverage in 505 political subdivisions. Many of these involved school districts which were realigned, consolidated, or merged with other school districts, with coverage continuing for most of the employees involved.

14. REPRESENTATIVE PAYEE

a. On-Site Review Program

The representative payee on-site review program continued on schedule in 1972. Its objective is

to evaluate the manner in which the State mental institutions fulfill their representative payee responsibilities. All States have agreed to participate in the program. Reviews were conducted in 26 States and the District of Columbia during the year, thereby completing the first 2-year cycle. As of June 30, 1972, 33 written reports of findings were completed and forwarded to appropriate State officials. In addition, face-to-face meetings were held with most State commissioners of mental health to discuss the findings.

Revised questionnaires were approved by OMB, and tabulation specifications were developed for use in the second cycle of reviews.

Now that all States and the District of Columbia are participating in the program, a work savings of approximately 100,000 annual accounting forms has been realized.

The program continued to generate favorable reaction from the States and other SSA and HEW components. The results of this program, so far, have clearly demonstrated that the States and SSA have worked together effectively to improve practices and procedures which benefit social security beneficiaries who live in mental hospitals and students in schools for the retarded.

The program has now been decentralized to the six RSI regions and the entire second cycle of reviews will be conducted by the program staffs

under the leadership of the RSI regional representatives.

b. "Living Trust" Arrangements

Because of the growing trend toward "living trust" arrangements to allow a bank to manage a capable beneficiary's estate, policies and procedures were altered to permit a trustee to serve as representative payee. In the past, social security benefits were generally paid to a representative payee for an adult beneficiary only if the adult were incapable of managing his own benefits.

c. Capable Beneficiaries in Mental Hospitals

Capable beneficiaries residing in mental hospitals previously received their social security benefits through a representative payee if the hospital exercised a high degree of administrative control over the manner in which patients used their money. The beneficiary may now have a say in how his own funds should be handled by deciding where the check should be sent (an acceptable outside address or the hospital address) or by granting a power of attorney over his checks to a banking institution. This change has eliminated the considerable development and documentation previously required before direct payment could be made to a beneficiary-patient in a mental hospital.

BUREAU OF DISABILITY INSURANCE

1. WORKLOADS

Disabled Worker Claims Only—Initial Claims Excludes BL Claims (Thousands)				
	SA (Determinations) 1971 1972		BDI (Determinations) 1971 1972	
Receipts	728.6	805.9	864.5	934.1
Clearances	696.6	795.1	875.1	931.9
Pendings	87.8	98.7	6.3	8.6

Receipts, clearances, and pendings of disabled worker (non-BL) claims were all higher in 1972 than in 1971. End-of-year pendings were also higher and increased by 36.5 percent.

BL Initial Claims			
	1970	1971	1972
Receipts	166,000	137,000	70,700
Decisions	14,000	256,000	71,800
Pendings	152,000	33,000	31,900 ¹

¹ Not including cases to be reworked under the 1972 amendments.

Disabled Worker Claims—Reconsideration of Initial Denials		
	1971	1972
Receipts	106,387	150,452
Clearances	108,921	160,270
Pendings	28,550 ¹	18,678 ¹

¹ Includes Workers, Children and Widows.

BL—Reconsiderations		
	1971	1972
Receipts	68,000	42,700
Processed	16,700	77,900
Pendings	51,300	16,100

2. SIMULTANEOUS DEVELOPMENT (SD)

By the end of 1971, BDI had completed the design of SD procedures for handling disability cases. Some States began using this new procedure in April 1970 to process claims faster by speeding up the process of medical development. Thirty-six SA's were using SD by June 1971. Early in 1972 the remaining States came under the procedure.

Under SD, the SA—which assists in making disability decisions—develops the medical evidence on the case while the DO develops non-medical aspects, such as proof of age, coverage, etc. The old procedures called for the claim to be held in the DO until all the evidence was developed. The following data illustrates the reduction in processing time concurrent with the implementation of SD:

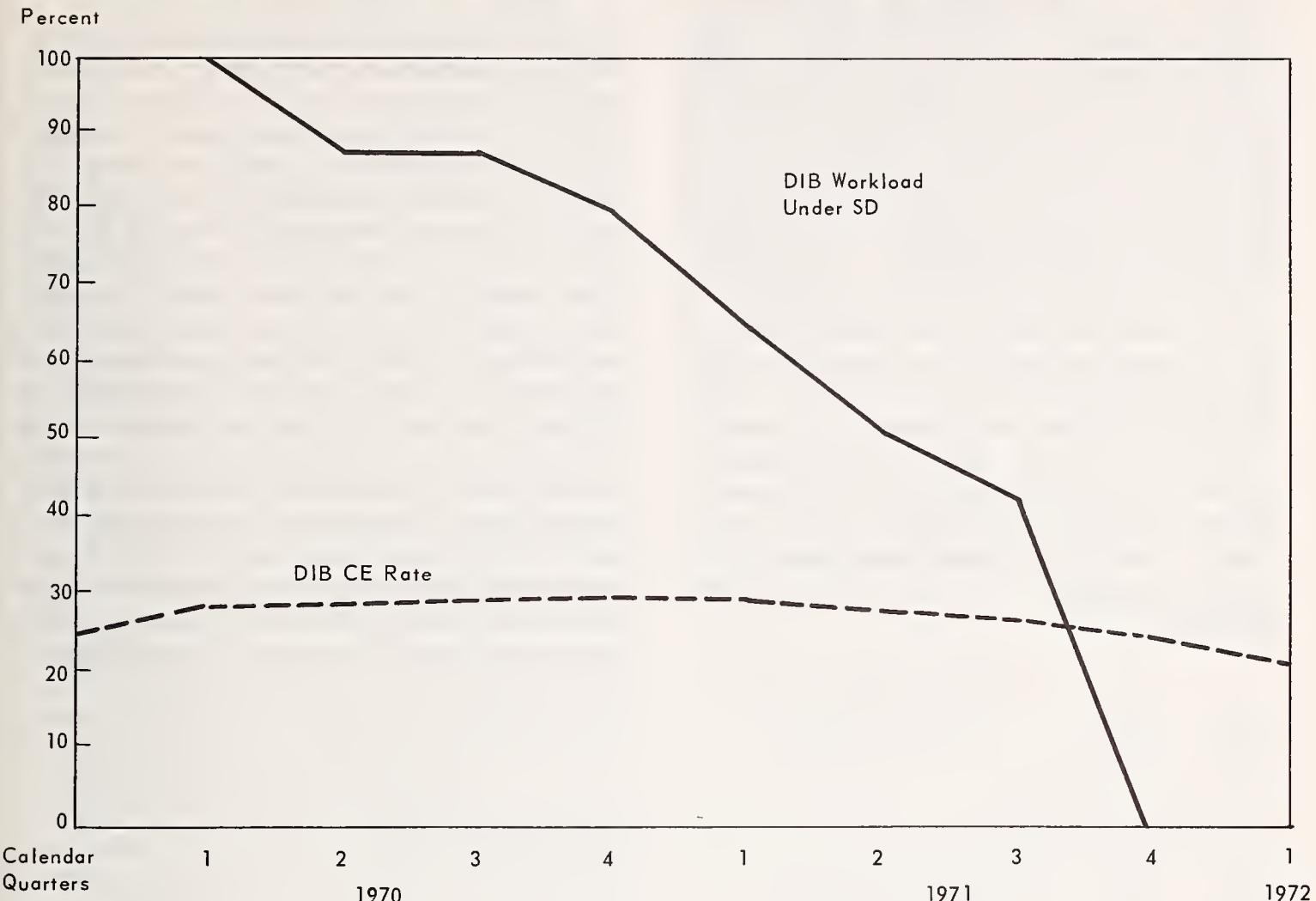
Effect of SD on Processing Time

1972—Median Days		
	SD Cases	Non-SD Cases
Allowances	68	92
Denials	64	94
All Cases	66	93

As the percentage of the DIB workload under SD has increased, there has been a corresponding decrease in the proportion of cases requiring one or more consultative examinations (CE) to supplement existing medical evidence.

During the nine quarters in which SD procedures were gradually implemented, the CE rate dropped from 27.6% (in the quarter preceding the introduction of SD), to 20.1% at the end of the first quarter of 1972.

Comparison between the CE Rate and the Percentage of the DIB Workload under SD



3. PLANNING FOR H.R. 1 IMPLEMENTATION

During the year, BDI established an informal work group to plan and coordinate Bureau preparations for administering provisions relating to aid to the blind or disabled. Staff papers identifying problems and discussing alternatives to a variety of legislative, policy and operational issues were prepared for executive decision.

Tentative contingency plans for implementing the legislation were also formulated. At year's end, BDI and the ABDA Planning Office began a series of visits to welfare agencies in each State to develop State "profiles" of evaluation and administrative policies, procedures, applicant and beneficiary characteristics, etc. These inventories are expected to help ease the transfer of benefit payment responsibilities from the States to the Federal Government.

4. FURTHER REDUCTION IN REVIEW OF DISABILITY DETERMINATIONS

Over the past several years, BDI has been reducing the proportion of cases requiring examiner review. Certain categories of cases have been targeted for full review, while categories with a lower incidence of error have been reviewed on a sample basis. Since July 1972 a random 5% sample of all categories of DIB cases has been selected for intensive review by BDI examiners. Ten percent samples of childhood disability claims and disabled widow claims are also reviewed. At year's end, information from each case reviewed was being recorded and will be analyzed to provide information on the type and frequency of specific problems and on the quality of performance in each State. In conjunction with reduction in central review, BDI has emphasized the need for SA's to establish more effective quality assurance programs.

5. ORGANIZATIONAL CHANGES

Extensive changes in organization of the management and research functions of BDI, long in planning, were approved in September 1971. These functions are performed by four new divisions, all reporting to a new Assistant Bureau Director for Administration: the Division of Appraisal; the Division of Management Information and Planning; the Division of Management; and the Division of Statistics and Quality Assurance. The disability program research function was transferred to ORS. A basic element in the changes was the formal recognition that BDI has acquired or developed certain new management activities, including a long-range planning program, a management information operation, and a quality assurance program that applies statistical techniques to monitoring the operational quality in the disability program. No major changes were made in the areas of appraisal or other general management activities.

6. OPTICAL CHARACTER RECOGNITION (OCR)

Machines capable of reading typewritten or printed characters and numeric handprinted characters have been on the market for about 15 years. BDP has used an optical character reader to read typewritten employer earnings reports since about the mid-1960's. In 1971, SSA began to consider the feasibility of using OCR to read numeric and alphabetic handprinted characters directly from source documents. An SSA OCR task force was formed to conduct the necessary research. A test program was designed to explore this new area of data entry, using selected BDI operations for a live test of alphabetic and numeric characters. Sets of test forms prepared for live cases were reproduced and the copies were processed through the normal keying operations. The originals were used to test various types of readers. The test was completed toward the end of 1972; a cost/benefit analysis will be prepared and an OCR machine will be selected.

BUREAU OF HEALTH INSURANCE

1. DIRECT REIMBURSEMENT

BHI serves as the intermediary for providers of health services that elect to be reimbursed directly by the Government. The 649 direct-dealing providers, (an increase from 580 in 1967), represent approximately three percent of all participating providers nationally. They are dispersed among 35 States, the District of Columbia and Puerto Rico, and include all kinds of health care facilities. Approximately 80 percent of the direct-dealing providers are State or municipally controlled. In addition, 418 Department of Defense, Public Health Service and Veterans Administration hospitals, participating as Federal emergency hospitals, also deal directly.

The direct-dealing workload multiplied more than ten times from 116,000 bills during 1967 to 1,293,000 during 1972. Workload increases made it necessary to convert from a manual claims processing operation to an automated system. This has enabled BHI to process the growing direct-dealing workload with a limited increase in personnel. Staffing has increased about 100 percent since 1967, while the claims workload has increased approximately 600 percent.

In addition to its intermediary responsibilities, BHI serves as the Part B (Supplementary Medical Insurance) carrier for eight State hospital systems, Saint Elizabeths Hospital in Washington, D.C., the New York City hospital system, two Pennsylvania tuberculosis hospitals, and the Federal emergency hospitals. It also handles Part B reimbursement for 30 group practice prepayment plans that have elected to deal directly with the Government.

2. IMPROVING THE QUALITY OF CARE IN MEDICARE FACILITIES

One of BHI's major goals in 1972 was to implement the President's directives on upgrading the quality of nursing home care. Working with other HEW components, BHI instituted a multi-faceted program aimed at improving BHI's ability to evaluate the quality of care in nursing homes and other Medicare providers and to identify deficiencies. The following are some of the more significant projects which were initiated or expanded in 1972 as a result of the President's directives:

a. Increased Inspections of Medicare Facilities by State Agencies

Under contractual agreement with SSA, the State health departments are required to evaluate whether health facilities meet Medicare regulatory health and safety requirements for participation in the program. BHI evaluates the State agency survey findings and recommendations, notifies the facilities of approval or disapproval of participation, and conducts on-site evaluations of facilities and State agencies to assess the effec-

State Agency Survey and Other Visits

	1972 Actual	1973 Proposed
1. Hospitals		
Initial Application	120	110
Formal Resurvey	3,400	6,846
Other Visits	7,100	8,700
	10,620	15,656
2. Home Health Agencies		
Initial Application	60	40
Formal Resurvey	1,160	2,315
Other Visits	3,500	6,100
	4,720	8,455
3. Extended Care Facilities		
Initial Application	280	200
Formal Resurvey	4,100	4,380
Other Visits	9,400	10,500
	13,780	15,080
4. Independent Laboratories		
Initial Application	270	200
Formal Resurvey	2,880	3,145
Other Visits	700	4,200
	3,850	7,545
5. Other		
Initial Application	80	30
Formal Resurvey	230	314
Other Visits	290	400
	600	744
6. Totals	33,570	47,480

tiveness of the State survey and certification process.

To increase State agency surveillance of health facilities and to assure correction of deficiencies found during State surveys, the total Medicare budget for State agencies has been increased from \$14,300,000 in 1972 to \$17,900,000 for 1973. The increase in funds will enable the State agencies to increase their staffs of health professionals by about 10 percent nationally and to make more frequent inspections of health facilities.

From the beginning of the program through 1972, hospitals participating in Medicare were resurveyed every 24, 18, or 12 months, depending on the level of certification. Beginning in 1973, all hospitals will be surveyed annually.

There will also be a substantial increase in the number of State agency resurvey and "other" visits for all other providers and suppliers of services.

The State agency visits, other than formal resurveys, consist of announced and unannounced visits to follow up on the facilities correction of deficiencies, to investigate complaints against health facilities reported to SSA DO's, and to provide assistance to the facilities in meeting Medicare requirements. BHI has requested the State agencies to increase their use of unannounced visits to assure that conditions found during scheduled visits are truly representative and not just "window dressing" for the benefit of the State inspectors.

b. Termination of Extended Care Facilities (ECF's) Certification

The intent of the increased survey effort is to motivate and help providers to correct deficiencies and upgrade the quality of care. In those situations in which significant deficiencies have continued despite efforts to bring about improvements, BHI has been obliged to terminate the institutions' Medicare certification. During 1972, the certification of 14 ECF's was terminated for failure to meet health and safety requirements. Of far greater significance, however, is the fact that as a result of the day-to-day efforts of more than a thousand State surveyors, hundreds of ECF's have substantially improved staff performance, their physical environment, and the quality of care they offer.

c. DO Handling of Complaints

In November 1971, SSA began to inform the public that complaints against nursing homes could be filed with local social security offices. Since then, nearly 3,000 complaints have been received, about 1,400 of which involve Medicare facilities. Approximately 27% of the complaints against Title XVIII facilities were found to be totally or partially valid. As a result of investigations and subsequent follow-up actions, hundreds of improvements have been made or initiated by the facilities involved.

3. REIMBURSEMENT—HOSPITAL INSURANCE

a. Implementation of President's Economic Stabilization Program

An intermediary letter (IL) was issued (May 1972) to implement portions of the President's economic stabilization program relating to Medicare reasonable cost reimbursement to providers. The IL provides that Medicare reimbursement, on a per unit-of-service basis for services rendered on or after January 1, 1972, may not exceed the reimbursement payable for the preceding reporting period by more than 6 percent for institutional providers (hospitals, ECF's, hospital-based home health agencies (HHA's)) or 2.5 percent for non-institutional providers (free-standing HHA's and outpatient physical therapy providers) after making adjustments for changes in the intensity of services provided.

b. Accelerated Payments

BHI published final regulations that establish the basis for making accelerated payments to providers of services and reflect the current policies and procedures for computing the amount of such payments. The regulations provide that an accelerated payment may be made upon request where a provider is experiencing financial difficulties due to intermediary delay in making payments or, in exceptional situations, where the provider has temporarily delayed submitting bills beyond its usual billing cycle. As a safeguard, provision was made for prior approval of accelerated payments by both the intermediary and SSA.

c. Incentive Reimbursement Experiments

In 1967 the Secretary was authorized to conduct experiments to test the effectiveness of incentives in reducing or retarding increasing program costs. At the close of 1972, four incentive reimburse-

ment experiments were in operation, and a fifth scheduled to begin on July 1, 1972. Monitoring of the ongoing experiments entailed determination of problem areas and the suggestion of possible modifications designed to increase the possibility of success of the experiments. Two of the experiments have not been operational long enough to determine either their possible effectiveness or any problems which might exist. From the other two operational experiments some tentative conclusions have been drawn which were under consideration.

1. The Connecticut experiment, using budget-approval boards to set target budgets, indicated that:

- neither of the two principal assumptions of peer review (that hospital personnel would be more knowledgeable about hospital affairs and would tend to be more critical and severe with their peers than laymen)—are necessarily true;
- large hospitals do not seem to respond to cash incentives;
- the budgeting processes in hospitals generally need major improvements; and
- it will be technically difficult to develop a wholly acceptable method for retroactively adjusting target budgets for differences between actual and estimated volume.

2. Some of the problems highlighted by the California experiment were similar to those in Connecticut. In California the prospect of a cash incentive based on an increase in labor productivity did not have the expected effect on the hospitals. This did not seem to be attributable to the size of the hospital as was the case in Connecticut. A few of the hospitals in the experiment showed a great deal of interest in earning an incentive reward because they were experiencing financial difficulty. Occupancy in the Southern California hospitals generally declined during the period of the experiment. Staffing had not been reduced in keeping with the reduced need, possibly because hospitals were reluctant to release skilled staff because of the difficulty of replacing them later. Thus productivity appeared to have been adversely affected during the period of the study.

4. REIMBURSEMENT—MEDICAL INSURANCE

a. Implementation of the President's Economic Stabilization Program

BHI issued instructions to the Medicare carriers to implement Medicare-related aspects of Phase I and Phase II of the President's economic stabilization program. With respect to Phase II, the Price Commission advised the Department that the Medicare fee screens in effect on November 13, 1971, should be considered as the base price of recognized "reasonable charges" under the Medicare program and that these fee screens should not be increased by more than 2.5 percent in the aggregate during 1973.

The instructions also provide that where it has come to a carrier's attention that a 1971 charge reflects a price increase that was made contrary to the Phase I guidelines or Phase II regulations of the Price Commission, the charge may not be used in calculating the new fee screens. Further, where a carrier becomes aware of fee increases that appear to violate the limitations on price increases, it will report the increases to IRS.

b. Hospital-Based Physicians—Retroactive Adjustments

Instructions were issued to intermediaries and carriers regarding retroactive adjustments in a provider's cost reports where Medicare payments to the provider for the services of provider-based physicians have been either more or less than the correct Medicare share of the compensation the physicians receive from the provider. In many instances, the charges for physician services shown on Medicare claims are based on estimates of the expected total departmental charges, and on the estimated time the physician will spend in rendering Part A and Part B services. While the charges for physician services are intended to yield in the aggregate the Part B portion of the physician's compensation, because of the estimating process, the amount actually reimbursed may result in an overpayment. The instructions issued during the year clarify the Part A intermediaries' responsibilities, with respect to making appropriate adjustments in the provider cost reports, to more accurately represent the Medicare portion of the physician's compensation.

5. HEALTH MAINTENANCE ORGANIZATION (HMO) EXPERIMENTATION

BHI undertook an experimental program to test methods for reimbursing providers as HMO's.

Numerous proposals were submitted and were in varying stages of development by June 30. It is expected that through such experimentation, BHI will obtain information about advantages and disadvantages of HMO arrangements both to providers and consumers of health care services.

BHI is especially interested in experiments which test factors affecting program costs. These include the capitation formula upon which to base payments, methods of controlling unnecessary services to beneficiaries, effects of population mix, and the degree of integration of the different levels of care under one administration. There is also interest in such areas as methods and problems of marketing an HMO to a Medicare population, utilization review, and maintenance of quality service both within the contracting HMO and in outside facilities from which provider services are purchased.

Four sets of criteria were applied in deciding where reimbursement techniques should be tested. These include:

1. the interest an organization has in becoming an HMO;
2. capacity to immediately undertake proposal development;
3. differing structural characteristics, such as, closed panel Group Practice Pre-payment Plans (GPPP's), medical care foundations, neighborhood health centers, affiliation with teaching hospitals; and
4. consideration of location (urban or rural).

It was anticipated that early in 1973 the first experimental contracts would be approved by the Secretary of HEW. BHI expected to have four health maintenance experimentation projects in operation before the end of calendar 1972.

6. PEER REVIEW PROJECTS

During 1972 BHI began to develop experimental peer review projects designed to: (1) determine the respective costs and feasibility of the various approaches being advocated; (2) assess their effect on quality and the level of use of medical resources; and (3) identify and resolve systems, data collection, and other problems that would result from broad scale use of physicians reviewing services under Medicare. Two experiments were in operation at year's end, and three others were expected to begin in early 1973. These experiments were developed in recognition of greater interest in having physicians review the quality and medical necessity of services for which reimbursement is claimed under health insurance programs.¹

7. PLACING MEDICARE FUNDS IN MINORITY BANKS

Early in 1969 the President issued an Executive Order encouraging all agencies to deposit Federal funds in minority-owned banks whenever possible. A Government-wide goal of \$35 million average daily balance was established, of which DHEW was assigned \$10 million. BHI absorbed the entire \$10 million goal. Through numerous meetings with RO personnel, Treasury officials and minority bankers, BHI has influenced intermediaries and carriers to keep \$9 million as an average daily balance among 14 minority banks in 12 States.

¹ The Social Security Amendments of 1972 (PL 42-603) enacted during the closing days of the 92nd Congress, require reviews under Medicare and Medicaid to be carried out by organizations of practicing physicians known as Professional Standards Review Organizations (PSRO's).

BUREAU OF HEARINGS AND APPEALS

1. HEARING WORKLOADS AND PROCESSING TIME

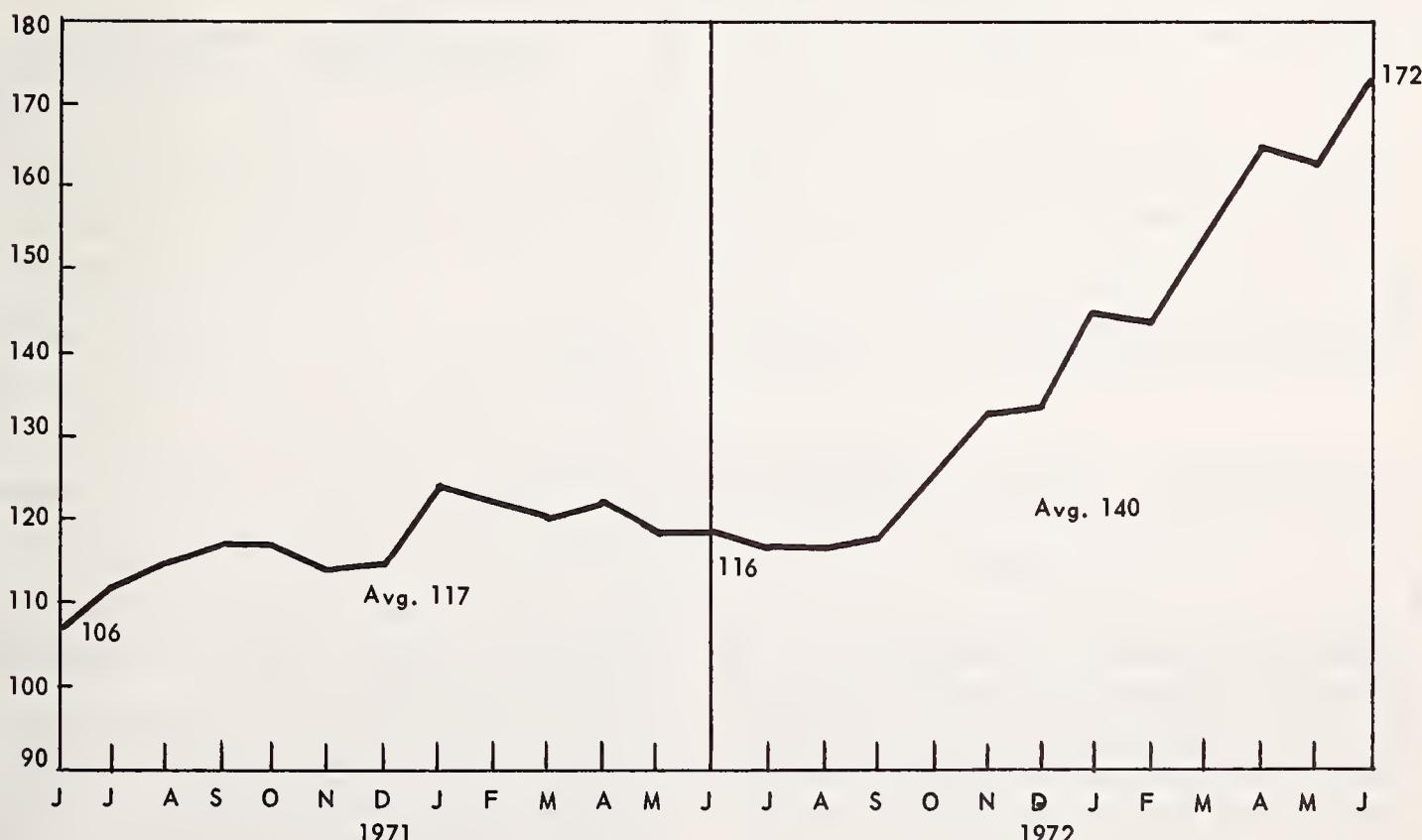
Hearing Requests Workloads

	1971	1972	Percent Change 1971 to 1972	Percent Change 1969 to 1972
Received	52,427	103,691	+97.8	+202.8
Cleared	45,301	61,030	+34.7	+ 91.6
Pending (end-of-year)	20,873	63,534	+204.4	+558.0
Pending (monthly average)	16,324	24,428	+168.9	+412.8

During 1972 receipts increased at a faster rate than dispositions, with the result that processing time reached unprecedented highs. Median elapsed days from request for hearing to disposi-

tion increased from a low of 116 days in July and August 1971 to a high at the end of the year of 172 days.

PROCESSING TIME
Median Elapsed Days—Hearing Requested to Disposition
1971-1972



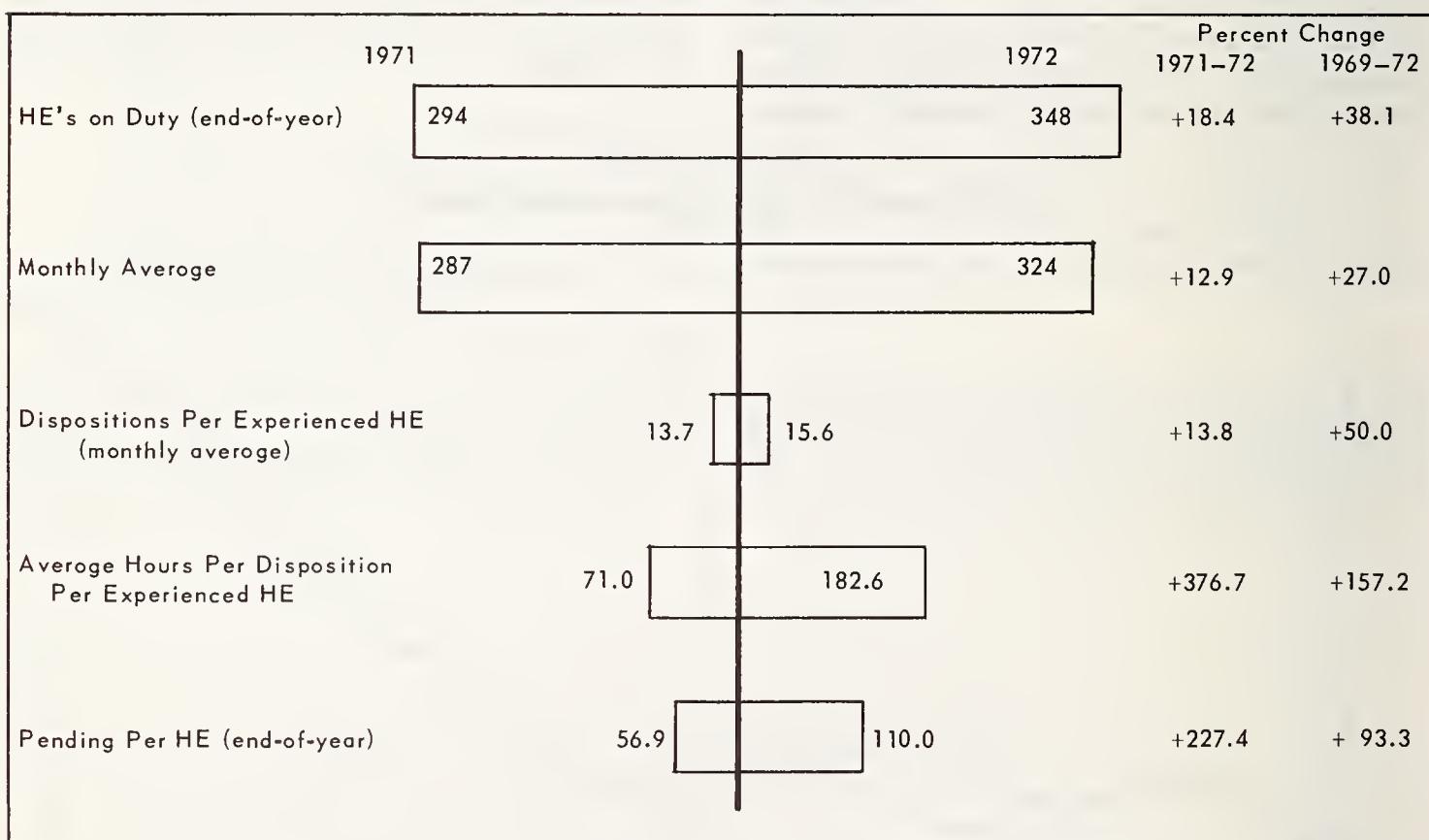
BHA Workloads By Area of Activity				
	Pending end of 1971	1972 Rec'd	1972 Cleared	Pending end of 1972
DI	14,353	56,346	44,048	26,651
RSI	1,075	3,158	2,704	1,529
DWIB	726	2,490	2,080	1,136
Claimant HIB/SMIB	2,386	6,151	4,833	3,704
Provider of Services HIB/SMIB	7	29	24	12
BL	2,326	35,517	7,341	30,502
Total	20,873	103,691	61,030	63,534

2. MANPOWER

As of July 1, 1971, 300 hearing examiners (HE's)¹ were on duty. Thirty-three new HE's entered into training in November 1971 and another 25 in March 1972, with 348 HE's on duty at the end of 1972 (an increase of over 16 percent). The average number of monthly dispositions by fully experienced HE's for 1972 was 15.6, with a peak average in March of 19.0. For both the new and fully trained HE's the average number of monthly dispositions was 12.0 in 1970, 12.8 in 1971, and 15.3 in 1972.

¹ In August 1972, the title of hearing examiner was changed to Administrative Law Judge.

Hearing Examiners Hearings Staff and Productivity



BHA recruited 89 HE's during 1972 and experienced an attrition of 27, mainly due to the attainment of higher grade levels in other agencies. To handle BL appeal cases, BHA was authorized to recruit temporary HE's for the purpose

of hearing BL cases. In May 1972, 43 temporary HE's entered on duty.

The BHA Black Lung Center, established in Woodlawn in April 1971 to control and prepare BL cases for HE's, entered the year with 1 professional and 6 clericals. At the close of the year,

the Center was staffed by 51 professionals and 77 clericals, most of whom were recruited from BDI and BHA.

During the year, BHA experimented with support-staff mix in field offices to determine the most efficient mix. Before an in-depth analysis could be made of the program of assigning support staff on a 3.5:1 ratio (3.5 support staff per HE), the program was abandoned due to an interim ceiling restriction in the 1972 budget that forced BHA return to the earlier 2:1 ratio.

In 1971, 25 professional assistant positions were authorized for a one-year test. In 1972, the 25 positions were filled, and the people were trained and placed in selected field offices to work with the HE's. Although the experiment was not completed by June 30, the initial results were favorable. The use of professional assistants was expected to reflect significant monthly increases in case dispositions.

By the end of 1972, 1,016 Medical Advisors were providing assistance to HE's of the Bureau. Of these, 87 received training in X-ray interpretation in BL cases. Medical consultants provided a wide variety of medical consultations and services to the Black Lung Center and to HE's in the field of pulmonary disease. Radiologists were also used to interpret X-rays.

3. MANAGEMENT INFORMATION

In April, BHA designed a self-reporting work measurement system for the field. The case ticket records the time spent on case processing by HE's, professional assistants, hearing assistants and secretaries. Preliminary analysis showed that the average time spent by the HE to dispose of a case was from 3 to 3½ hours.

In May, development began on a combination systems proposal, with performance specifications, for a Total Operations Planning System (TOPS). The proposal was expected to be officially released in early 1973. An intercomponent workgroup, with BHA, BDP, ORS and DSCP representation, was established to develop the system. When fully implemented it will provide case control, management information, budget, and forecasting capabilities. The long range plan for TOPS includes the addition of a legal reference retrieval subsystem. Planning was underway for a telecommunications system linking all BHA offices and taking full advantage of the Bureau's automated typing program which was introduced in 1972.

4. ORGANIZATIONAL DEVELOPMENTS

During 1972 BHA opened six new hearing offices. In addition, to cope with the projected BL case-load, BL Hearing Offices were established in Harlan, Ky., Middlesboro, Ky., Pikeville, Ky., Wilkes Barre, Pa., Beckley, W. Va., Charleston, W. Va., Logan, W. Va., and Princeton, W. Va.

Early in 1972, the Black Lung Center became fully operational in the screening and documenting of cases. In the spring, temporary HE's were hired to supplement the regular HE's in handling the projected BL case load. The temporary positions were allocated to areas of high BL case incidence—either in existing BHA field offices or in BL field offices.

During the year, BHA refined existing procedures and developed new ones to aid in the processing of BL cases at the hearing and appeal levels. Extensive formal and informal training in the handling of cases was conducted for professional staff and hearings examiners.

Passage of the 1972 Amendments to the Coal Mine Health and Safety Act, late in the year, necessitated a general re-evaluation of the hearings and appeals process for BL cases. Actions were being taken to implement the extensive changes made by this new legislation.

BHA undertook an in-depth review of its organization and operations to determine the most feasible administrative approach for handling the projected adult assistance workload. Preliminary steps were taken to outline the tasks for developing definitive plans for the Bureau's role in that program. Through its representative, BHA was also working with the Appellate Work Group planning for the adult assistance appellate process, as well as identifying the changes which may be required to provide uniformity in the appellate process for all SSA programs.

5. APPEALS COUNCIL AND COURT ACTIVITIES

Appeals Council			
	Received	Cleared	Pending (End-of-Year)
1970	11,276	11,101	1,911
1971	13,115	12,592	2,434
1972	16,780	14,841	4,373

The pending workload of the Appeals Council increased by 79.7 percent during the year.

Civil Actions Pending in the U.S. Courts

June 30, 1970	2,319
June 30, 1971	2,658
June 30, 1972	3,386

Over 2,100 civil actions were filed in 1972. The increase over 1971 filings was due, in part, to BL filings, the first of which was in January 1972. The court affirmance rate for 1972 was approximately 87 percent as compared to 79 percent in 1971.

6. ATTORNEY FEES

During 1972, BHA processed 5,604 petitions, a 36.6 percent increase over 1971. The average fee requested was \$621, while the average fee approved was \$542—an increase over 1971 of 4.9 percent and 5.2 percent respectively.

7. SPACE AND EQUIPMENT

BHA's central office expanded in February 1972 to a second building in Arlington, Virginia. Some operations were relocated there to provide adequate space for the 65 hearings and appeals analysts who entered on duty May 1. The Black Lung Center in Woodlawn experienced a shortage of space during the second half of 1972 and problems in obtaining space delayed the opening of some hearing offices. Procedures were being established to speed the acquisition of space needed to insure adequate service to the public.

BHA introduced cassette recorders, transcribers and Magnetic Tape Selectric Typewriters (MTST's) in the field during the year in an effort to increase HE productivity and to reduce processing time. 254 cassette recorders and 261 cassette transcribers replaced older disc type equipment in 42 field offices. This conversion will be completed in 1973. In addition, automated typewriters (54 MTST's authorized for 27 field offices) were introduced to speed up the decision-typing process.

Appendix A

CHRONOLOGY OF SIGNIFICANT EVENTS AND ACCOMPLISHMENTS 1972

July 1971

- The first agreement to use a minority-owned bank for deposit of Medicare funds was signed by Michigan Medical Service, the First Independence National Bank of Detroit, and BHI.
- The President signed E.O. 11612 implementing within all Federal agencies the Occupational Health and Safety Act.

August 1971

- The President signed P.L. 92-80, the 1972 DHEW Labor Appropriation Act.
- DHEW placed strict limitations on personnel actions to implement:
 - A. OMB's directive to reduce average grade levels by .15 in 1972 and another .15 in 1973.
 - B. The President's call for a 5 percent cut in Federal employment.
 - C. The Federal employees wage and salary freeze.

September 1971

- Reorganization of BDI's Division of Management and Appraisal was announced in the Federal Register.
- Beginning with the September 3rd checks, the Treasury Department began direct mailing of checks to beneficiaries residing in Mexico.

October 1971

- Initial installation of key-to-tape equipment began in BDI to replace card punch equipment.
- The first classes began for the Upward Mobility College in the SSA in Baltimore.
- The UNIVAC 1106 computer system was upgraded to a model 1108 to provide additional capacity, speed, and communications channels.
- DHEW restrictions on promotions and new hirings were lifted—however, restrictions were retained on within grade increases.
- SSA's expanded Alcoholism Program as required by P.L. 91-616 enacted December 31, 1970, was officially launched.

November 1971

- The Health Insurance EDP system was modified to provide the facility for intermediaries to submit all types of bill data on magnetic tape.
- The Supreme Court upheld the constitutionality of Section 224 of the Social Security Act providing for the reduction of DI benefits to beneficiaries receiving workmen's compensation awards.
- CO's Woodlawn telephone system was converted to Centrex.
- In keeping with the Secretarial directive, DO's were instructed to accept complaints or suggestions from the public on nursing homes and then refer them to HIRO's for regional coordination and action.

December 1971

- The first suits were filed in U.S. District Courts under Title IV of the BL law.
- Contracts for the occupancy of the new 260,000 square feet Dickinson Tower were signed.
- The President signed P.L. 92-184, Supplemental Appropriations Act, 1972, which included the Nursing Home Supplemental to improve nursing home facilities and upgrade quality of care and the BL Supplemental to meet higher than expected costs of the program.
- The reorganization of BRSI was published in the Federal Register.
- The Secretary issued memoranda of decision placing travel authority for all field personnel with the RD's and decentralizing personnel activities to the regions.

January 1972

- The Adult Assistance Planning Office was established to replace the Policy Planning and Task Force staffs.
- BDP and BHI implemented an automated system for processing Part B bills for the direct reimbursement functions of SSA.
- Phase I of the new Post-Entitlement Scheduling Operation (PESO), the hub of the Central Post-

Entitlement System, was implemented after an extensive validation study.

- The increase in the in-patient hospital deductible from \$60 to \$65 became effective.

February 1972

- HIBAC went on record urging Medicare contractors to act more vigorously to increase minority employment.
- The last State agencies implemented SD disability claims handling procedures.
- The Supreme Court ruled, in effect, that SSA's newly-developed procedures for advising beneficiaries of their rights before termination of benefits should be used before further judicial action is undertaken, thus turning back a lower court's ruling that Section 225 of the Act was "constitutionally deficient" and that disability benefits may not be suspended "without prior proceedings in which the recipient may participate."
- The January benefit checks sent to BL beneficiaries contained the benefit increases which were tied to the increase in Federal employees' pay.

March 1972

- A seven-member USSR delegation began an exchange visit to Washington and Baltimore, returning a U.S. delegation visit to the USSR under a State Department cultural and technical exchange program.
- The central issuance of SSN's by BDP was initiated.
- Guides were issued implementing the Presi-

dent's directive to expand information and referral services in DO's and BO's.

April 1972

- The Aetna Life and Casualty Office in Hartford, Connecticut, became the first commercial intermediary to implement the Medicare Part A Model System.
- Realignment of PC servicing areas was completed.
- Over one million forms were mailed to secondary beneficiaries, age 64 and older, beginning the mass issuance of SSN's to that group.

May 1972

- The Black Lung Benefits Act of 1972, P.L. 92-303, extending eligibility and revising disability standards, was enacted.
- Decentralization of personnel activities to RO's was implemented.
- The Conspicuous Case Characteristics System for selecting initial RSHI claims for DO final authorization was implemented.

June 1972

- BDI completed the changeover to a 5 percent sample review of initial State agency disability determinations.
- Arrangements were completed for a check stuffer on Project Find to be mailed with the August benefit checks.
- The Public Buildings Amendments Bill, signed by the President, provided for purchase contract construction of Federal facilities and payment of rent by Federal agencies on all space occupied in Federal buildings.

Appendix B

CHANGES IN SSA EXECUTIVE STAFF¹ 1972

July 1971

Patricia Livers appointed Regional Commissioner,
Kansas City

October 1971

H. Dale Cook appointed Bureau Director, BHA

June 1972

Jack S. Futterman, Assistant Commissioner, OA,
retired

Ida C. Merriam, Assistant Commissioner, ORS,
retired

John Carroll appointed Assistant Commissioner,
ORS

¹ Bureau and Office heads and Regional Commissioners.







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